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Årsredovisning för

IMCD Nordic AB

556849-0840

Räkenskapsåret
2021-01-01 - 2021-12-31

Innehållsförteckning: **Sida**

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Fastställelseintyg

Undertecknad styrelseledamot i IMCD Nordic AB intygar härmed dels att denna kopia av årsredovisningen och revisionsberättelsen överensstämmer med originalet, dels att resultat- och balansräkningen fastställts på årsstämma 2022-06-30 Stämman beslöt också att godkänna styrelsens förslag till resultatdisposition.

Malmö 2022- 06-30

Sami Valkama

Sami Valkama
Verkställande direktör

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Förvaltningsberättelse

Styrelsen och verkställande direktören för IMCD Nordic AB, 556849-0840 får härmed avge årsredovisning för 2021.

Allmänt om verksamheten

Bolagets verksamhet består i att bedriva handel och distribution av additiver, polymerer och mineraler, huvudsakligen i Sverige och Norden.
Försäljning sker främst till tillverkande industri. Viktiga kundsegment är färg- och plastindustri liksom läkemedels och livsmedelsproducenter.

IMCD Group är en av Europas ledande distributörer av specialkemikalier, livsmedels- och läkemedelsadditiver.

IMCD Nordic är organiserat i Norden och de baltiska länderna med dotterbolagen IMCD Sweden AB, IMCD Finland Oy, IMCD Danmark A/S, IMCD Norway AS och IMCD Baltics UAB.
IMCD Nordic har kontor och lager i Malmö (Sverige), Espoo (Finland), Helsingör (Danmark), Oslo (Norge) och Vilnius (Litauen).

Bolaget har under 2021 ej haft några anställda och har ej betalat ut några löner.

Ägarförhållande

IMCD Nordic AB är helägt dotterbolag till IMCD Group B.V. som ingår i en koncern där IMCD N.V. (Chamber of Commerce registernumber 21740070) med säte i Rotterdam är ultima moder. IMCD N.V. är ett noterat bolag.

Utveckling av företagets verksamhet, resultat och ställning

Belopp i kkr

	2021-12-31	*2020-12-31*	*2019-12-31*	*2018-12-31*	*2017-12-31*
Resultat efter finansiella poster	19 381	16 354	4 440	976	-2 632
Soliditet %	80	63	34	30	19

Väsentliga händelser under räkenskapsåret

Mot bakgrund av utbrottet av coronaviruset (Covid-19) våren 2020 har bolaget följt händelseutvecklingen noga och vidtagit åtgärder för att minimera eller eliminera påverkan på bolagets verksamhet. Bolaget har följt riktlinjer från Folkhälsomyndigheten, WHO och ECDC (Europeiskt centrum för förebyggande och kontroll av sjukdomar). Bolaget har under räkenskapsperioden inte märkt av någon betydande påverkan på verksamheten orsakat av coronaviruset. Bolaget har varken permitterat eller sagt upp personal på grund av Corona epidemin. Under räkenskapsperioden har bolaget heller inte sökt ekonomiskt understöd eller bidrag med anledning av coronaviruset.

Väsentliga händelser efter räkenskapsårets utgång

Bolaget fortsätter följa händelseutvecklingen av coronaviruset (Covid-19) och vidtar åtgärder vid behov för att minimera eller eliminera effekten på bolagets verksamhet. Bolaget har inte märkt av någon betydande påverkan på verksamheten orsakat av coronaviruset efter räkenskapsårets utgång.

IMCD koncernen har vidtagit åtgärder gällande konflikten i Ukraina genom att tillfälligt stoppa all affärsverksamhet med bolag i Ryssland och Vitryssland. Efter räkenskapsårets utgång har bolaget till dags dato inte märkt av någon betydande ekonomisk påverkan till följd av konflikten i Ukraina, varken direkt eller indirekt. Bolaget fortsätter att följa händelseutvecklingen i Ukraina och vidtar åtgärder vid

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behov.

Eget kapital

	Aktiekapital, nyemission under reg	*Reservfond övr bundna fonder*	*Fritt eget kapital*
Vid årets början	50		83 926
Årets resultat			21 387
Vid årets slut	**50**		**105 313**

Förslag till disposition av företagets vinst

Styrelsen föreslår att till förfogande stående vinstmedel, kronor 105 313 565, disponeras enligt följande:

	Belopp i kr
Utdelning, [50 000 aktier * 400 SEK]	20 000 000
Balanseras i ny räkning	85 313 565
Summa	**105 313 565**

Vad beträffar företagets resultat och ställning i övrigt, hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

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Resultaträkning

Belopp i kkr	*Not*	*2021-01-01-2021-12-31*	*2020-01-01-2020-12-31*
Rörelsens kostnader			
Övriga externa kostnader		-22	-10
Av/nedskrivningar av materiella och immateriella anläggningstillgångar		-19 640	-19 640
Rörelseresultat		-19 662	-19 650
Resultat från finansiella poster			
Anteciperad utdelning från koncernföretag		41 027	36 743
Övriga ränteintäkter och liknande intäkter		-8	-6
Räntekostnader och liknande kostnader		-1 976	-733
Resultat efter finansiella poster		19 381	16 354
Bokslutsdispositioner	4	2 006	749
Resultat före skatt		21 387	17 103
Skatt på årets resultat		-	-
Årets resultat		21 387	17 103

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Balansräkning

Belopp i kkr	*Not*	*2021-12-31*	*2020-12-31*
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Goodwill	*5*	4 910	24 550
		4 910	24 550
Finansiella anläggningstillgångar			
Andelar i koncernföretag	*6*	81 917	81 917
		81 917	81 917
Summa anläggningstillgångar		86 827	106 467
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag	*7*	43 033	25 765
		43 033	25 765
Kassa och bank		1 129	1 916
Summa omsättningstillgångar		44 162	27 681
SUMMA TILLGÅNGAR		130 989	134 148

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Balansräkning

Belopp i kkr	*Not*	*2021-12-31*	*2020-12-31*
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	*8*	50	50
		50	50
Fritt eget kapital	*9*		
Balanserad vinst eller förlust		83 926	66 824
Årets resultat		21 387	17 103
		105 313	83 927
Summa eget kapital		105 363	83 977
Långfristiga skulder			
Skulder till koncernföretag		25 626	50 171
		25 626	50 171
SUMMA EGET KAPITAL OCH SKULDER		130 989	134 148

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Noter

Not 1 Koncernuppgifter

IMCD Nordic AB med organisationsnummer 556849-0840 är ett aktiebolag registrerat i Sverige med säte i Malmö.

Bolaget bedriver genom dotterbolag handel och distribution av additiver, polymerer och mineraler, huvudsakligen i Sverige och Norden.

Företaget är helägt dotterföretag till IMCD Group B.V. med säte i Rotterdam, Holland. Bolaget upprättar ingen koncernedovisning då IMCD N.V. (Chamber of Commerce registernumber 21740070) enl ÅRL 7:2 upprättar koncernredovisning för den största koncernen. Det utländska moderföretagets koncernredovisning finns att tillgå hos IMCD Nordic AB, Hyllie Boulevard 53, 215 37 Malmö.

Not 2 Redovisningsprinciper

Belopp i kkr om inget annat anges

Allmänna redovisningsprinciper

Årsredovisningen har upprättats i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3). Redovisningsprinciperna är oförändrade från föregående år.

Värderingsprinciper m m

Tillgångar, avsättningar och skulder har värderats utifrån anskaffningsvärden om inget annat anges nedan.

Immateriella anläggningstillgångar

Övriga immateriella anläggningstillgångar

Övriga immateriella tillgångar som förvärvats av företaget är redovisade till anskaffningsvärde minus ackumulerade avskrivningar och nedskrivningar. Utgifter för internt genererad goodwill och varumärken redovisas i resultaträkningen som kostnad då de uppkommer.

Avskrivningar

Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod. Avskrivningen redovisas som kostnad i resultaträkningen.Tillgången i form av goodwill är en väsentlig del av verksamheten och bedöms under en längre tid generera ett positivt kassaflöde som väl möter avskrivningarna, varav man valt att behålla avskrivningarna om 10 år.

Immateriella anläggningstillgångar	*År*
Internt upparbetade immateriella tillgångar	
Förvärvade immateriella tillgångar	
Goodwill	10

Baserat på bolagets historiska verksamhet, utveckling och avkastning samt förväntade framtida kassaflöden har vi bedömt att 10 år är en rimlig avskrivningsperiod.

Utländsk valuta

Poster i utländsk valuta
Monetära poster i utländsk valuta räknas om till balansdagens kurs. Icke-monetära poster räknas inte om utan redovisas till kursen vid anskaffningstillfället.

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Finansiella tillgångar och skulder

En finansiell tillgång eller finansiell skuld redovisas i balansräkningen när företaget blir part till instrumentets avtalsenliga villkor. En finansiell tillgång bokas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången upphör, regleras eller när företaget förlorar kontrollen över den. En finansiell skuld, eller del av finansiell skuld bokas bort från balansräkningen när den avtalsenliga förpliktelsen fullgörs eller på annat sätt upphör.

Finansiella tillgångar och skulder redovisas i enlighet med kapitel 11 (Finansiella instrument värderade utifrån anskaffningsvärdet) i BFNAR 2012:1.

Finansiella tillgångar värderas vid första redovisningstillfället till anskaffningsvärde inklusive eventuella transaktionsutgifter som är direkt hänförliga till förvärvet av tillgången,

Andelar i dotterföretag redovisas till anskaffningsvärde minskat med ackumulerade nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till köpet.

Vid det första redovisningstillfället värderas omsättningstillgångar och kortfristiga skulder till anskaffningsvärde. Långfristiga fordringar samt långfristiga skulder värderas vid det första redovisningstillfället till upplupet anskaffningsvärde. Låneutgifter periodiseras som en del i lånets räntekostnad enligt effektivräntemetoden.

Vid värdering efter det första redovisningstillfället värderas omsättningstillgångar enligt lägsta värdets princip. dvs det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Kortfristiga skulder värderas till nominellt belopp.

Långfristiga fordringar och långfristiga skulder värderas efter det första redovisningstillfället till upplupet anskaffningsvärde.

Derivatinstrument

Bolaget innehar inga derivatinstrument

Skatt

Skatt på årets resultat i resultaträkningen består av aktuell skatt och uppskjuten skatt. Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats. Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Uppskjuten skatteskuld redovisas för alla skattepliktiga temporära skillnader, dock inte för temporära skillnader som härrör från första redovisningen av goodwill. Uppskjuten skattefordran redovisas för avdragsgilla temporära skillnader och för möjligheten att i framtiden använda skattemässiga underskottsavdrag. Värderingen baseras på hur det redovisade värdet för motsvarande tillgång eller skuld förväntas återvinnas respektive regleras. Beloppen baseras på de skattesatser och skatteregler som är beslutade före balansdagen och har inte nuvärdeberäknats.

Intäkter

Det inflöde av ekonomiska fördelar som företaget erhållit eller kommer att erhålla för egen räkning redovisas som intäkt. Intäkter värderas till verkliga värdet av det som erhållits eller kommer att erhållas, med avdrag för rabatter.

Ränta och utdelning

Intäkt redovisas när de ekonomiska fördelarna som är förknippade med transaktionen sannolikt kommer att tillfalla företaget samt när inkomsten kan beräknas på ett tillförlitligt sätt.

Ränta redovisas som intäkt enligt effektivräntemetoden.

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Koncernbidrag och aktieägartillskott

Koncernbidrag som erhållits/lämnats redovisas som en bokslutsdisposition i resultaträkningen. Det erhållna/lämnade koncernbidraget har påverkat företagets aktuella skatt.

Not 3 Uppskattningar och bedömningar

Aktier i dotterbolag värderas utifrån respektive bolags justerade egna kapital och framtida förväntade kassaflöden.

Not 4 Bokslutsdispositioner

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Koncernbidrag	2 006	749
Summa	**2 006**	**749**

Not 5 Goodwill

	2021-12-31	*2020-12-31*
Ackumulerade anskaffningsvärden		
-Vid årets början	103 109	103 109
Vid årets slut	103 109	103 109
Ackumulerade avskrivningar		
-Vid årets början	-78 559	-58 919
-Årets avskrivning	-19 640	-19 640
Vid årets slut	-98 199	-78 559
Redovisat värde vid årets slut	**4 910**	**24 550**

Goodwillen är hänförlig till en fusion med det helägda dotterföretaget IMCD Nordic AB (Org.nr 556551-3347) som genomfördes januari 2017.

Not 6 Andelar i koncernföretag

	2021-12-31	*2020-12-31*
Ackumulerade anskaffningsvärden:		
-Vid årets början	81 917	81 917
Redovisat värde vid årets slut	**81 917**	**81 917**

Specifikation av moderföretagets innehav av aktier och andelar i koncernföretag

Dotterföretag / Org nr / Säte	*Antal andelar*	*i %*	*Redovisat värde*
IMCD Sweden AB, 556194-8539, Malmö	5 000	100	48 000
IMCD Finland OY, Helsingfors, Finland	10	100	158
IMCD Danmark A/S, Helsingör, Danmark	1	100	410
IMCD Norway AS, Oslo,Norge	500	100	30 950
IMCD Baltics UAB, Vilnius, Litauen	1	100	2 399
			81 917

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Not 7 Fordringar hos koncernföretag

	2021-12-31	*2020-12-31*
Ackumulerade anskaffningsvärden:		
-Vid årets början	25 765	71 146
-Tillkommande fordringar	17 268	2 548
-Reglerade fordringar		-47 929
Redovisat värde vid årets slut	**43 033**	**25 765**

Not 8 Antal aktier och kvotvärde

	2021-12-31	*2020-12-31*
A-aktier		
antal aktier	50 000	50 000

Not 9 Disposition av vinst

Förslag till disposition av företagets vinst.
Styrelsen föreslår att fritt eget kapital, kronor 105 313 565, disponeras enligt följande:

	2021-12-31
Utdelning, [50 000 aktier * 400 SEK]	20 000 000
Balanseras i ny räkning	85 313 565
	105 313 565

Not 10 Väsentliga händelser efter räkenskapsårets slut

Bolaget fortsätter följa händelseutvecklingen av coronaviruset (Covid-19) och vidtar åtgärder vid behov för att minimera eller eliminera effekten på bolagets verksamhet. Bolaget har inte märkt av någon betydande påverkan på verksamheten orsakat av coronaviruset efter räkenskapsårets utgång.

IMCD koncernen har vidtagit åtgärder gällande konflikten i Ukraina genom att tillfälligt stoppa all affärsverksamhet med bolag i Ryssland och Vitryssland. Efter räkenskapsårets utgång har bolaget till dags dato inte märkt av någon betydande ekonomisk påverkan till följd av konflikten i Ukraina, varken direkt eller indirekt. Bolaget fortsätter att följa händelseutvecklingen i Ukraina och vidtar åtgärder vid behov.

Not 11 Nyckeltalsdefinitioner

Soliditet:
Totalt eget kapital / Totala tillgångar.

Underskrifter

Malmö 2022- 06-28

Sami Valkama
Sami Valkama
Verkställande direktör

Vår revisionsberättelse har lämnats 2022-06-29
Deloitte AB
Per Stomberg
Auktoriserad revisor

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Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i IMCD Nordic AB
organisationsnummer 556849-0840

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för IMCD Nordic AB för räkenskapsåret 2021-01-01 - 2021-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av IMCD Nordic ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till IMCD Nordic AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden.

Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen,

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däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för IMCD Nordic AB för räkenskapsåret 2021-01-01 - 2021-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till IMCD Nordic AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Malmö 29 / 6 2022

Deloitte AB

Per Stomberg
Auktoriserad revisor

20221021090174

IMCD



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Annual Report 2021

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Financial statements 2021

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Consolidated statement of financial position as of 31 December 2021

EUR 1,000	NOTE	31 DECEMBER 2021	31 DECEMBER 2020[1]
Assets			
Property, plant and equipment	17	97,932	94,950
Goodwill		1,257,011	1,022,593
Other intangible assets		551,088	524,345
Intangible assets	18	**1,808,099**	**1,546,938**
Equity-accounted investees	21	71	39
Other financial assets	22	5,422	5,290
Deferred tax assets	23	35,393	40,198
Non-current assets		**1,946,917**	**1,687,415**
Inventories	24	526,300	371,239
Trade and other receivables	25	619,462	469,130
Cash and cash equivalents	26	177,879	169,008
Current assets		**1,323,641**	**1,009,377**
Total assets		**3,270,558**	**2,696,792**

The notes are an integral part of these consolidated financial statements

EUR 1,000	NOTE	31 DECEMBER 2021	31 DECEMBER 2020[1]
Equity	27		
Share capital		9,118	9,118
Share premium		1,051,438	1,051,438
Reserves		(63,895)	(123,203)
Retained earnings		255,888	194,927
Unappropriated result		207,276	120,128
Total shareholders' equity		**1,459,825**	**1,252,408**
Non-controlling interests	28	1,529	-
Total equity		**1,461,354**	**1,252,408**
Liabilities			
Loans and borrowings	29	666,853	581,209
Employee benefits	30	29,258	29,535
Provisions	31	6,494	4,449
Deferred tax liabilities	23	122,251	117,674
Total non-current liabilities		**824,856**	**732,867**
Loans and borrowings	29	-	80,373
Short-term financial liabilities	29	451,050	234,440
Trade payables	32	403,010	291,844
Other payables	32	130,288	104,860
Total current liabilities		**984,348**	**711,517**
Total liabilities		**1,809,204**	**1,444,384**
Total equity and liabilities		**3,270,558**	**2,696,792**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 of the Financial statements

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Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2021

EUR1,000	NOTE	2021	2020[1]
Revenue	6	3,436,250	2,774,918
Other income	9	24,254	12,443
Operating income		**3,459,504**	**2,787,361**
Cost of materials and inbound logistics	24	(2,598,934)	(2,122,434)
Cost of warehousing, outbound logistics and other services		(101,860)	(81,928)
Wages and salaries	10, 12	(228,739)	(196,459)
Social security and other charges	10	(59,731)	(52,286)
Depreciation of property, plant and equipment	17, 18	(27,403)	(25,637)
Amortisation of intangible assets	18, 19	(65,460)	(47,520)
Other operating expenses	13	(71,842)	(65,717)
Operating expenses		**(3,154,039)**	**(2,596,981)**
Result from operating activities		**305,465**	**190,380**
Finance income	11	1,803	2,636
Finance costs	11	(23,473)	(28,397)
Net finance costs		**(21,670)**	**(25,761)**
Share of profit of equity-accounted investees net of tax	21	32	(45)
Result before income tax		**283,827**	**164,574**
Income tax expense	15	(76,591)	(44,446)
Result for the year		**207,236**	**120,128**
Result for the year attributable to the shareholders of the Company		207,276	120,128
Result for the year attributable to non-controlling interest	28	(40)	
Result for the year		**207,236**	**120,128**
Gross profit[2]		836,316	647,484
Gross profit as a % of revenue		24.3%	23.3%
Operating EBITA[3]	6	373,629	243,151
Operating EBITA as a % of revenue		10.9%	8.8%

The notes are an integral part of these consolidated statements.

EUR1,000	NOTE	2021	2020
Result for the year		**207,236**	**120,128**
Defined benefit plan actuarial gains/(losses)	30	684	(2,356)
Related tax	15	(272)	537
Items that will never be reclassified to profit or loss		**412**	**(1,819)**
Foreign currency translation differences related to foreign operations		56,529	(82,553)
Effective portion of changes in fair value of cash flow hedges		106	(110)
Related tax	15	(485)	4,393
Items that are or may be reclassified to profit or loss	14	**56,150**	**(78,270)**
Other comprehensive income for the period, net of income tax		**56,562**	**(80,088)**
Total comprehensive income for the period		**263,798**	**40,040**
Attributable to:			
Shareholders of the Company		263,838	40,040
Non-controlling interests	28	(40)	
Total comprehensive income for the period		**263,798**	**40,040**
Weighted average number of shares	16	56,909,895	53,749,804
Basic earnings per share	16	3.64	2.23
Diluted earnings per share	16	3.63	2.23

The notes are an integral part of these consolidated statements.

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

[2] Revenue minus cost of material's and inbound logistics (non-IFRS measure)

[3] Result from operating activities before amortisation of intangibles and non-recurring items (non-IFRS measure)

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Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2021

EUR1,000	NOTE	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	RESERVE OWN SHARES	OTHER RESERVES	RETAINED EARNINGS	UNAPPROPRIATED RESULT	TOTAL SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance as at 1 January 2021	27	9,118	1,051,438	(114,329)	(206)	(3,893)	(4,774)	194,927	120,128	1,252,408	-	1,252,408
Appropriation of prior year's result		-	-	-	-	-	-	62,000	(62,000)	-	-	-
		9,118	1,051,438	(114,329)	(206)	(3,893)	(4,774)	256,927	58,128	1,252,408	-	1,252,408
Result for the year		-	-	-	-	-	-	-	207,276	207,276	(40)	207,236
Total other comprehensive income		-	-	56,044	106	-	412	-	-	56,562	-	56,562
Total comprehensive income for the year		-	-	56,044	106	-	412	-	207,276	263,838	(40)	263,798
Cash dividend	27	-	-	-	-	-	-	-	(58,128)	(58,128)	-	(58,128)
Issue of shares minus related costs	27	-	-	-	-	-	-	-	-	-	-	-
Share based payments	27	-	-	-	-	-	1,025	(4,130)	-	(3,105)	-	(3,105)
Transfer of own shares	27	-	-	-	-	1,721	-	3,091	-	4,812	-	4,812
Non-controlling interest	28	-	-	-	-	-	-	-	-	-	1,569	1,569
Total contributions by and distributions to owners of the Company		-	-	-	-	1,721	1,025	(1,039)	(58,128)	(56,421)	1,569	(54,852)
Balance as at 31 December 2021		9,118	1,051,438	(58,285)	(100)	(2,172)	(3,337)	255,888	207,276	1,459,825	1,529	1,461,354

The notes are an integral part of these consolidated statements.

EUR1,000	NOTE	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	RESERVE OWN SHARES	OTHER RESERVES	RETAINED EARNINGS	UNAPPRO-PRIATED RESULT	TOTAL SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance as at 1 January 2020	27	**8,415**	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**139,315**	**108,006**	**866,525**	**-**	**866,525**
Change in accounting policy		-	-	-	-	-	-	(4,647)	-	(4,647)	-	**(4,647)**
Restated balance as at 1 January 2020		**8,415**	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**134,668**	**108,006**	**861,878**	**-**	**861,878**
Appropriation of prior year's result		-	-	-	-	-	-	60,673	(60,673)	-	-	-
		8,415	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**195,341**	**47,333**	**861,878**	**-**	**861,878**
Result for the year[1]		-	-	-	-	-	-	-	120,128	120,128	-	**120,128**
Total other comprehensive income		-	-	*(78,160)*	*(110)*	-	*(1,818)*	-	-	*(80,088)*	-	**(80,088)**
Total comprehensive income for the year		**-**	**-**	**(78,160)**	**(110)**	**-**	**(1,818)**	**-**	**120,128**	**40,040**	**-**	**40,040**
Cash dividend	27	-	-	-	-	-	-	-	(47,333)	(47,333)	-	**(47,333)**
Issue of shares minus related costs	27	703	393,924	-	-	-	-	-	-	394,627	-	**394,627**
Share based payments	27	-	-	-	-	-	2,818	(1,529)	-	1,289	-	**1,289**
Transfer of own shares	27	-	-	-	-	793	-	1,115	-	1,908	-	**1,908**
Total contributions by and distributions to owners of the Company		**703**	**393,924**	**-**	**-**	**793**	**2,818**	**(414)**	**(47,333)**	**350,491**	**-**	**350,491**
Balance as at 31 December 2020		**9,118**	**1,051,438**	**(114,329)**	**(206)**	**(3,893)**	**(4,774)**	**194,927**	**120,128**	**1,252,408**	**-**	**1,252,408**

[1] The result for the year has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The notes are an integral part of these consolidated statements.

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2021

EUR1,000	NOTE	2021	2020[1]
Cash flows from operating activities			
Result for the year		207,236	120,128
Adjustments for:			
• Depreciation of property, plant and equipment	17	27,403	25,637
• Amortisation of intangible assets	18	65,460	47,520
• Net finance costs excluding currency exchange results	14	17,693	38,249
• Currency exchange results	14	4,089	7,512
• Non-recurring operating income	9	(6,224)	-
• Cost of share based payments	12	5,295	4,635
• Share of profit of equity-accounted investees, net of tax	21	(32)	45
• Income tax expense	15	76,591	44,446
		397,712	**268,172**
Change in:			
• Inventories	24	(110,432)	5,885
• Trade and other receivables	25	(86,809)	1,486
• Trade and other payables	32	96,960	23,287
• Provisions and employee benefits	30, 31	(1,728)	(1,910)
Cash generated from operating activities		**295,724**	**296,921**
Interest paid		(15,795)	(18,934)
Income tax paid		(83,664)	(45,974)
Net cash from operating activities		**196,263**	**232,014**

The notes are an integral part of these consolidated statements.

EUR1,000	NOTE	2021	2020[1]
Net cash from operating activities		**196,263**	**232,014**
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired and divestures	7, 33	(180,047)	(374,558)
Acquisition of intangible assets	18	(12,604)	(8,813)
Acquisition of property, plant and equipment	17	(6,113)	(9,234)
Proceeds from disposals of (in)tangible assets	17, 18	1,196	2,630
Acquisition of other financial assets		1,436	(45)
Net cash used in investing activities		**(196,132)**	**(390,020)**
Cash flows from financing activities			
Proceeds from issue of share capital net of related costs	27	-	392,877
Dividends paid	27	(58,128)	(47,333)
Share based payments	27	(3,590)	(1,430)
Payment of transaction costs related to loans and borrowings	27	-	(595)
Movements in bank loans and other short-term financial liabilities	27	704	10,333
Proceeds from issue of current and non-current loans and borrowings	27	335,809	250,564
Repayment of loans and borrowings	27	(249,582)	(351,759)
Repayment of lease liabilities		(20,183)	(16,219)
Net cash from financing activities		**4,729**	**246,439**
Net increase in cash and cash equivalents		**4,860**	**88,433**
Cash and cash equivalents as at 1 January	26	169,008	104,357
Effect of exchange rate fluctuations		4,011	(23,782)
Cash and cash equivalents as at 31 December	26	**177,879**	**169,008**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the *Financial statements*

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Notes to the Consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Reporting entity

IMCD N.V.(the 'Company') is a public limited company domiciled in the Netherlands and registered in The NetherlandsChamber of Commerce Commercial register under number 21740070. The address of the Company's registered office is Wilhelminaplein 32, Rotterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Company is acting as the parent company of the IMCD Group, a group of leading companies in sales, marketing and distribution of speciality chemicals and pharmaceutical and food ingredients. The Group has offices and warehouses in Europe, Asia-Pacific, Africa, and in North and Latin America.

2 Basis of preparation

2.a Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements were authorised for publication by all members of the Management Board and the Supervisory Board on 24 February 2022.

2.b Basis of measurement

The consolidated financial statements are prepared on a going concern basis and on the historical cost principle, except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value
- non-derivative financial instruments at fair value through profit or loss are measured at fair value
- contingent considerations assumed in a business combination are measured at fair value
- the defined benefit asset/liability is recognised as the net total of the plan assets, less the present value of the defined benefit obligation and is adjusted for any effect of the asset ceiling

2.c Functional and presentation currency

These consolidated financial statements are presented in EUR, which is the Company's functional currency. All financial information presented in this report in EUR has been rounded to the nearest thousand, unless stated otherwise.

2.d Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following notes:

- Notes 7, 28 and 35: whether the Group has (de facto) control over an investee and whether a non-controlling interest is recognised.
- Note 19 – lease term: whether the Group is reasonably certain to exercise extension options

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that bear a significant risk of resulting in a material adjustment in the financial year are included in the following notes:

- Note 7 – acquisition of subsidiaries: fair value measured on a provisional basis
- Note 18 – impairment test for intangible assets: key assumptions underlying recoverable amounts
- Note 23 – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used
- Note 30 – measurement of defined benefit obligations: key actuarial assumptions
- Note 31 and 34: Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 33 – measurement of deferred consideration as part of the financial instruments: key assumptions about the future cash flows and expected returns

Measurement of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values for both financial and non-financial assets and liabilities.

The Group has a structured control framework in place with respect to the measurement of fair values. This includes a dedicated team that has responsibility for overseeing all significant fair value measurements, including Level 3 fair values, which reports directly to the CFO.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet IFRS requirements, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:
- Note 7: acquisition of subsidiaries
- Note 12: share-based payment arrangements
- Note 30: employee benefits
- Note 33: financial instruments

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2.e Changes in accounting policies

The Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

Except for the change in accounting referred to hereafter, other standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2021 did not have a material impact on the financial statements of the Group.

Standards and amendments to IFRS effective on or after 1 January 2021

IMCD has applied the following standards and amendments to standards, with a date of initial application of 1 January 2021:
- Amendments to IFRS 9, IAS 39 and IFRS 16: Interest Rate Benchmark Reform phase 2
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- IFRIC agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible assets)

Application of the first two amendments did not have a significant impact.

Following clarifying guidance from the International Financial Reporting Interpretations Committee (IFRIC) in March 2021, IMCD adopted a change in accounting policy in relation to the treatment of configuration and customisation costs related to cloud computing arrangements, commonly referred to as Software as a Service (SaaS). Under the revised accounting policy, costs that previously would have been capitalised, are treated as operating expenditure in so far as the Group cannot demonstrate the ability to control the relevant software.

Following this additional guidance provided by the IFRIC on the control criteria related to cloud computing arrangements, the Group also decided to change its lease accounting policy and as a consequence derecognised its right-of-use-assets and lease liabilities related to cloud computing arrangements. Software subscription fees are treated as operating expenses.

The changes in accounting policies have been adopted retrospectively and comparative figures for the year 2020 have been restated.

The following tables below show the impact of the change in accounting policy on previously reported financial results and only relates to the segment Holdings.

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Impact on consolidated statement of financial position as of 31 December 2020

EUR1,000	2020	ADJUSTMENTS	RESTATED 2020
Assets			
Property, plant and equipment	94,950	-	94,950
Goodwill	1,022,593	-	1,022,593
Other intangible assets	544,243	(19,898)	524,345
Intangible assets	**1,566,836**	**(19,898)**	**1,546,938**
Equity-accounted investees	39	-	39
Other financial assets	5,290	-	5,290
Deferred tax assets	38,356	1,842	40,198
Non-current assets	**1,705,471**	**(18,056)**	**1,687,415**
Inventories	371,239	-	371,239
Trade and other receivables	464,432	4,698	469,130
Cash and cash equivalents	169,008	-	169,008
Current assets	**1,004,679**	**4,698**	**1,009,377**
Total assets	**2,710,150**	**(13,358)**	**2,696,792**
Equity			
Share capital	9,118	-	9,118
Share premium	1,051,438	-	1,051,438
Reserves	(123,203)	-	(123,203)
Retained earnings	199,574	(4,647)	194,927
Unappropriated result	120,924	(796)	120,128
Total Equity	**1,257,851**	**(5,443)**	**1,252,408**
Liabilities			
Loans and borrowings	587,169	(5,960)	581,209
Employee benefits	29,535	-	29,535
Provisions	4,449	-	4,449
Deferred tax liabilities	117,674	-	117,674
Total non-current liabilities	**738,827**	**(5,960)**	**732,867**
Loans and borrowings	80,373	-	80,373
Short-term financial liabilities	240,810	(6,370)	234,440
Trade payables	291,844	-	291,844
Other payables	100,445	4,415	104,860
Total current liabilities	**713,472**	**(1,955)**	**711,517**
Total liabilities	**1,452,299**	**(7,915)**	**1,444,384**
Total equity and liabilities	**2,710,150**	**(13,358)**	**2,696,792**

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Impact on consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

EUR1,000	2020	ADJUSTMENTS	RESTATED 2020
Revenue	2,774,918	-	2,774,918
Other income	12,443	-	12,443
Operating income	**2,787,361**	**-**	**2,787,361**
Cost of materials and inbound logistics	(2,127,434)	-	(2,127,434)
Cost of warehousing, outbound logistics and other services	(81,928)	-	(81,928)
Wages and salaries	(196,459)	-	(196,459)
Social security and other charges	(52,286)	-	(52,286)
Depreciation of property, plant and equipment	(25,637)	-	(25,637)
Amortisation of intangible assets	(56,474)	8,954	(47,520)
Other operating expenses	(55,351)	(10,366)	(65,717)
Operating expenses	**(2,595,569)**	**(1,412)**	**(2,596,981)**
Result from operating activities	**191,792**	**(1,412)**	**190,380**
Finance income	2,636	-	2,636
Finance costs	(28,694)	297	(28,397)
Net finance costs	**(26,058)**	**297**	**(25,761)**
Share of profit of equity-accounted investees, net of tax	(45)	-	(45)
Result before income tax	**165,689**	**(1,115)**	**164,574**
Income tax expense	(44,765)	319	(44,446)
Result for the year	**120,924**	**(796)**	**120,128**
Attributable to:			
Shareholders of the Company	120,924	(796)	120,128
Non-controlling interests	-	-	-
Result for the year	**120,924**	**(796)**	**120,128**
Gross profit[1]	647,484	-	647,484
Gross profit as a % of revenue	23.3%		23.3%
Operating EBITA[2]	253,517	(10,366)	243,151
Operating EBITA as a % of revenue	9.1%		8.8%

[1] Revenue minus cost of materials and inbound logistics

[2] Result from operating activities before amortisation of intangibles and non-recurring items

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Impact on consolidated statement of cash flows for the year ended 31 December 2020

EUR1,000	2020	ADJUSTMENTS	RESTATED 2020
Cash flows from operating activities			
Result for the year	120,924	(796)	120,128
Adjustments for:			
• Depreciation of property, plant and equipment	25,637	-	25,637
• Amortisation of intangible assets	56,474	(8,954)	47,520
• Net finance costs excluding currency exchange results	18,546	(297)	18,249
• Currency exchange results	7,512	-	7,512
• Cost of share based payments	4,635	-	4,635
• Share of profit of equity-accounted investees, net of tax	45	-	45
• Income tax expense	44,765	(319)	44,446
	278,538	**(10,366)**	**268,172**
Change in:			
• Inventories	5,885	-	5,885
• Trade and other receivables	6,184	(4,698)	1,486
• Trade and other payables	18,575	4,712	23,287
• Provisions and employee benefits	(1,910)	-	(1,910)
Cash generated from operating activities	**307,273**	**(10,352)**	**296,921**
Interest paid	(18,934)	-	(18,934)
Income tax paid	(45,974)	-	(45,974)
Net cash from operating activities	**242,366**	**(10,352)**	**232,014**

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Impact on consolidated statement of cash flows for the year ended 31 December 2020 (continued)

EUR1,000	2020	ADJUSTMENTS	RESTATED 2020
Cash flows from operating activities	**242,366**	**(10,352)**	**232,014**
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired and divestures	(374,558)	-	(374,558)
Acquisition of intangible assets	(13,091)	4,278	(8,813)
Acquisition of property, plant and equipment	(9,234)	-	(9,234)
Proceeds from disposals of (in)tangible assets	2,630	-	2,630
Acquisition of other financial assets	(45)	-	(45)
Net cash used in investing activities	**(394,298)**	**4,278**	**(390,020)**
Cash flows from financing activities			
Proceeds from issue of share capital net of related costs	392,877	-	392,877
Dividends paid	(47,333)	-	(47,333)
Purchase and transfer of own shares	(0)	-	(0)
Share based payments	(1,430)	-	(1,430)
Payment of transaction costs related to loans and borrowings	(595)	-	(595)
Movements in bank loans and other short-term financial liabilities	10,333	-	10,333
Proceeds from issue of current and non-current loans and borrowings	260,564	-	260,564
Repayment of loans and borrowings	(351,759)	-	(351,759)
Redemption of lease liabilities	(22,293)	6,074	(16,219)
Net cash from financing activities	**240,365**	**6,074**	**246,439**
Net increase in cash and cash equivalents	**88,433**	**-**	**88,433**
Cash and cash equivalents as at 1 January	104,357	-	104,357
Effect of exchange rate fluctuations	(23,782)	-	(23,782)
Cash and cash equivalents as at 31 December	**169,008**	**-**	**169,008**

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New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated financial statements:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts—Cost of Fulfilling a Contract

The Group does not plan to adopt these standards early and does not expect the new standards to have a significant impact.

2.I COVID-19

Important events

IMCD's results for the year have been moderately impacted by the COVID-19 pandemic. IMCD was able to remain open for business, whilst adapting working practices to safeguard the health of our employees and business partners. Supply chains disruption was only limited and remote working allowed operations to continue.

Principal risks and uncertainties

The impact of the COVID-19 pandemic on accounting has been assessed and it was determined that this did not have a significant impact on any of the balance sheet items.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. They have been applied consistently by Group entities, except as explained in Note 2.e, which addresses changes in accounting policies.

3.a Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. An exception on this are deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss as finance income or costs.

Written put options to acquire a non-controlling interest are accounted for by the anticipated-acquisition method. The fair value of the consideration payable is included in financial liabilities; future changes in the carrying value of the put option are recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred
- plus the recognised amount of any non-controlling interest in the acquiree
- plus, if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree
- less the net recognised amount (at fair value) of the identifiable assets acquired and liabilities assumed

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as at that date.

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Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Interests in equity-accounted investees
The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but no control over the financial and operating policies

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.b Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of financial liabilities designated as qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at an average rate for the month in which the transactions occurred. However, if exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate and exchanges rates at the date of transactions are used.

Foreign currency differences on the translation of foreign operations to the functional currency of the group are recognised in other comprehensive income, and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the translation reserve in equity.

3.c Financial instruments

Non-derivative financial assets
Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics.

The Group initially recognises trade and other receivables that qualify as financial assets and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:
- trade and other receivables
- cash and cash equivalents
- other financial assets

Trade and other receivables
Trade and other receivables are financial assets held to collect the contractual cash flows. Trade receivables are recognised initially at transaction price minus expected credit losses. Other receivables are recognised initially at fair value plus any directly attributable transaction costs minus expected credit losses. Subsequent to initial recognition trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Non-derivative financial liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they originate. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired

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The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, other short-term financial liabilities, and trade and other payables that qualify as financial liabilities.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented within share premium.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the following conditions are met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio is the same as that resulting from actual quantities of hedged items and hedging instruments used for risk management.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value at trading date; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity.

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedge ratio will be adjusted so that it meets the qualifying criteria again. If the hedging instrument ceases to meet the qualifying criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecasted transaction is no longer expected to occur, the balance in equity is reclassified to profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedging relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.d Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is an integral part of the functionality of the related equipment is capitalised as part of that equipment.

If major components of an item of property, plant and equipment have different useful lives, these components are accounted for separately.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

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Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Right of use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Buildings	: 20 - 40 years
Reconstructions and improvements	: 5 - 12 years
Hardware and software	: 3 - 5 years
Other non-current tangible assets	: 3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.e Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries is included in intangible assets. Goodwill is measured at cost less accumulated impairment losses. On disposal of a business, business segment or cash generating unit, the attributable amount of goodwill is assessed and included in the determination of the profit and loss on disposal.

Other intangible assets

Supplier relations

At acquisition date, the supplier relations are recognised at fair value based on the excess earnings method. For all material supplier bases the initial valuation has been performed by an external valuator. Subsequent measurement is based on costs less amortisation. The estimation of the useful life of each supplier base is usually based on a cut-off calculation that excludes future years from the remaining useful life that account for less than 5% of the total present value of the excess earnings, unless this leads to a calculated useful life not being a proper representation of the actual useful life of the supplier relations.

Intellectual property rights, distribution rights, brand names and other intangible assets

In addition to supplier relations, intangible assets include intellectual property rights, distribution rights, brand names, order books acquired and non-competerights. Other intangible assets acquired as part of business combinations are measured on initial recognition at their fair value on the date of acquisition. Intangible assets acquired separately are measured at cost, where intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.. Subsequently, intangible assets which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

IMCD brand name	: indefinite
Intellectual property rights	: 7 years
Supplier relations accured through business combinations	: 5 - 20 years
Other distribution, non-compete rights and order books	: (initial) contract term

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.f Leases

The Group assesses at inception of the contract whether a contract is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and low-value leases. For these leases the Group recognises the lease payments as operating expenses on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercising a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

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The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. They are subsequently measured at cost less accumulated depreciation or amortisation and impairment losses.

Right-of-use assets are amortised or depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated or amortised over the useful life of the underlying asset. The depreciation or amortisation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.h.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and 'intangible assets' and lease liabilities in 'loans and borrowings' in the statement of financial position.

3.g Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.h Impairment

Financial assets

An allowance for expected credit losses (ECL) is recognised for all financial assets not carried at fair value through profit or loss.

An ECL is determined as the difference between the contractual cash flows and the estimated expected cash flows to be collected, considering the potential risk of default.

An ECL is provided for a credit loss that results from a loss event possible within the next 12 months (a 12-month ECL). For credit exposures with a significant increase in credit risk a lifetime ECL is recognised and assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Objective evidence that financial assets require an ECL can include the default of or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers or observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets.

A simplified approach is used to determine the ECL for trade receivables, contract assets and lease receivables. A loss allowance is determined based on lifetime ECL on each reporting date.
The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

A provision matrix is used to determine the expected credit loss based on the Group's historical trends of incurred losses, allocated to each aging category, adjusted for specific debtor provisions, insurance coverage and general economic developments. Management judges whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Equity accounted investees

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and other intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at the reporting date.

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested

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individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.i Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The obligation arising from these defined benefit plans are determined on the basis of projected unit credit method. The calculation of the defined benefit obligations is performed annually by qualified actuaries.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

The calculation of the other long-term employee benefits is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then these benefits are discounted.

Share based payment transactions

The grant date fair value of equity-settled share based payment awards granted to employees is recognised as personnel expenses, with a corresponding increase in equity, over the vesting period of the awards. The grant date fair value is generally equal to the share price at the grant date, adjusted for:

1. expected dividends
2. marketability discounts for restriction periods (using the Finnerty model)
3. market conditions (using Monte Carlo simulations)

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.j Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

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3.k Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is recognised when the performance obligation is satisfied and transfer of control is established. The amount recognised is the amount of the transaction price allocated to the performance obligation.

If the consideration promised in a contract includes a variable amount, such as discounts and/or rebates, the Group estimates the amount of consideration to which the Group will be entitled in exchange for the sale of goods.

The timing of the transfer of control varies depending on the individual terms of the sales agreement.

Commissions

When the Group arranges to provide goods from the supplier to the customer and does not obtain control over the goods, the Group acts in the capacity of an agent rather than as the principal. The revenue arising from such a transaction is recognised as the net amount of commission made by the Group.

3.l Finance income and expenses

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, impairment losses recognised on financial assets (other than trade receivables) and losses on hedging instruments that are recognised in profit or loss.

Finance income and expenses includes results of changes of the fair value of contingent considerations classified as financial liabilities.

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.m Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.n Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The segmentation used by the Group is based on geography, organisation and management structure and commercial interdependencies.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities and are presented in a separate reporting unit 'Holding companies'.

The reporting segments used are defined as follows:

- EMEA: all operating companies in Europe, Turkey, Israel, United Arab Emirates, Saudi Arabia and Africa
- Americas: all operating companies in the United States, Canada, Brazil, Puerto Rico, Chile, Argentina, Uruguay, Colombia, Mexico, Peru, Costa Rica, Dominican Republic
- Asia-Pacific: all operating companies in Australia, New Zealand, India, Bangladesh, China, Malaysia, Indonesia, Philippines, Thailand, Singapore, Vietnam, Japan and South Korea
- Holding companies: all non-operating companies, including the head office in Rotterdam and the regional offices in Singapore and in New Jersey, US.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability and in Note 33 Financial Instruments.

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Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an at arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets
The fair value of other intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets

Inventories
The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Forward exchange contracts and interest rate swaps
The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on quotes acquired from financial institutions. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Other non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Contingent considerations
The fair value of contingent considerations is calculated using the income approach based on the expected payment amounts and their associated probabilities (i.e. probability-weighted). Contingent considerations with a term longer than one year are discounted to present value.

Defined benefit plans
The fair value of the plan assets is based on the actuarial assumptions determined by certified actuaries.

5 Financial risk management

5.a Risk management framework
Risk management tasks and responsibilities
The IMCD risk management policy is aimed at optimising the balance between maximisation of business opportunities within the framework of the Group's strategy, while managing the risks involved.

Although the Group benefits from geographical, market, client and product portfolio spread, the Group's well structured risk management process should manage its residual risks in a transparent and controlled manner.

The Group's risk management and control systems are established to identify and analyse the risks faced by the Group at various levels, to set appropriate risk controls, and to monitor risks and the way the risks are controlled.

Key activities within the Group's risk management and control systems are:
- Identification of key business risks, based on likelihood of occurrence and their potential impact
- setting controls for managing these key risks

Risk management elements
The elements of IMCD's risk management system are the following:

Control environment, including:
- organisational culture based on ethical conduct and compliance, clear responsibilities and short and open communication lines
- IMCD's policies including business principles, management instructions and manuals
- continuous compliance training of employees
- risk management embedded in the business processes on all organisational levels
- internal financial reviews and risk assessments performed by the Group, in accordance with Internal Audit

Risk assessment and control procedures, including:
- identification of risks via risk self-assessments coordinated by Corporate Control and Corporate HSEQ
- implementing and optimisation of effective and efficient control procedures on various levels in the organisation

Information, communication and monitoring, including:
- harmonised reporting on operations, financial results and positions and risks
- periodical reviews of financial results and risk management by the Management Board and Corporate Control
- periodical reviews on HSEQ management by Corporate HSEQ
- regular review meetings between Group and local management

The Management Board, under supervision of the Supervisory Board, has overall responsibility for the IMCD risk management and control systems. Management of regional and operating companies is responsible for local operational performance and for managing the associated local risks.

5.b Overview financial risks
The Group has exposure to the following financial risks:
- credit risk
- liquidity risk
- market risk
- operational risk

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This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

5.c Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. This has been of increased importance due to the COVID-19 pandemic. There is no geographical concentration of credit risk nor significant credit risk on individual customer level.

The Group has established a credit policy in which each new customer is analysed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered. The Group's review includes the use of external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount. These limits are reviewed periodically.

Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that are expected but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets, adjusted for forward-looking information.

To mitigate the counterparty risk with financial institutions the Group's policy is to make use of financial institutions which are investment grade. The Group's main financial institutions are systemically important and are under close supervision by their respective financial regulatory bodies.

5.d Liquidity risks

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group typically ensures that it generally has sufficient cash on demand to meet expected operational expenses for the next twelve months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

In addition, the Group maintains the following lines of credit:

- EUR 500 million revolving facility. Interest would be payable at the rate of EURIBOR plus the currently applicable 100 base points for amounts drawn in EURO and LIBOR plus currently applicable 100 base points for amounts drawn in USD. As of 31 December 2021, the Group had an undrawn revolving facility of EUR 85 million.
- Several credit facilities available to the subsidiaries, mainly in Spain, Australia, India, Indonesia, United States and South Africa.

The following are the contractual maturities of financial liabilities, including estimated interest payments. The contractual cash flows are undiscounted.

31 DECEMBER 2021

EUR 1,000		CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	12 MONTHS OR LESS	1 - 2 YEARS	2 - 5 YEARS	>5 YEARS
Non-derivative non-current financial liabilities							
Schuldscheindarlehen	EUR	39,942	41,210	605	40,605	-	-
Bond loan	EUR	297,586	330,000	7,500	7,500	315,000	-
Contingent consideration	INR	213,772	218,214	-	-	218,214	-
	IDR	59,386	59,386	-	-	59,386	-
	CNY	2,085	2,085	-	2,085	-	-
Lease liabilities	1	52,712	57,625	-	15,767	25,967	15,891
Other liabilities	EUR	1,369	1,369	-	1,369	-	-
Total		**666,853**	**709,889**	**8,105**	**67,326**	**618,567**	**15,891**
Non-derivative current financial liabilities							
Contingent consideration	COP	4,942	4,942	4,942	-	-	-
	MXN	1,607	1,607	1,607	-	-	-
	KRW	15,916	16,084	16,084	-	-	-
	IDR	10,160	10,160	10,160	-	-	-
	EUR	989	989	989	-	-	-
Lease liabilities	1	18,017	20,187	20,187	-	-	-
Other short-term financial liabilities	1	399,420	399,420	399,420	-	-	-
Trade payables	1	403,010	403,010	403,010	-	-	-
Other payables	1	130,093	130,093	130,093	-	-	-
Total		**984,153**	**986,491**	**986,491**	-	-	-

1 Various currencies

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31 DECEMBER 2020[1]							
EUR 1,000		CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	12 MONTHS OR LESS	1 - 2 YEARS	2 - 5 YEARS	>5 YEARS
Non-derivative non-current financial liabilities							
Schuldscheindarlehen	EUR	39,835	42,543	1,332	605	40,606	-
Bond loan	EUR	296,857	337,500	7,500	7,500	322,500	-
Contingent consideration	IDR	2,600	2,685	-	-	-	2,685
	KRW	15,604	15,916	-	15,916	-	-
	INR	172,129	176,011	-	-	176,011	-
	EUR	969	1,000	-	1,000	-	-
Lease liabilities		51,677	57,834	-	15,811	25,328	16,695
Other liabilities	EUR	1,538	1,538	-	676	862	-
Total		**581,209**	**635,027**	**8,832**	**41,508**	**565,307**	**19,380**
Non-derivative current financial liabilities							
Schuldscheindarlehen	EUR	60,000	60,644	60,644	-	-	-
Schuldscheindarlehen	USD	20,373	21,870	21,870	-	-	-
Contingent consideration	INR	1,589	1,589	1,589	-	-	-
	CHF	653	741	741	-	-	-
Lease liabilities	[2]	17,310	19,181	19,181	-	-	-
Other short-term financial liabilities	[2]	214,887	214,887	214,887	-	-	-
Trade payables	[2]	291,844	291,844	291,844	-	-	-
Other payables	[2]	102,443	102,443	102,443	-	-	-
Total		**709,100**	**713,199**	**713,199**	-	-	-

[1] December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements.

[2] Various currencies

Estimated interest payments are based on the EURIBOR and LIBOR rates and margins prevailing at 31 December 2021 and 2020. Further details of the non-derivative financial liabilities can be found in Note 29.

5.e Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. Group management focuses on managing and controlling market risk exposures within acceptable parameters, while optimising the operating result.

The Group buys derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by Group Management. The Group generally seeks to use hedging instruments to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (EURO), United States of America Dollar (USD) and the Pound Sterling (GBP).

The Group uses forward exchange contracts to hedge its currency risk, mainly by using contracts having a maturity of less than one year from the reporting date.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily EUR and USD. This provides an economic hedge without derivatives being entered into. Hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Group's net exposure to foreign currency risk based on notional and hedged amounts of monetary assets and liabilities was as follows:

31 DECEMBER 2021												
EUR 1,000	USD	CAD	BRL	AUD	INR	CHF	KRW	ZAR	GBP	IDR	OTHER	TOTAL
Non-current assets	126	360	371	-	997	5	318	6	-	33	810	3,027
Current assets	207,766	9,252	33,363	29,735	100,188	(2,813)	22,780	17,758	25,484	31,382	114,167	589,062
Non-current liabilities	(12,510)	(7,097)	(965)	(5,825)	(215,295)	(400)	(77)	(12)	(465)	(60,385)	(9,332)	(312,363)
Current liabilities	(322,526)	(16,197)	(12,301)	(16,125)	(6,813)	(2,831)	(2,710)	(5,588)	(19,817)	(15,870)	(73,938)	(494,716)
Net statement of currency risk exposure	**(127,143)**	**(13,682)**	**20,468**	**7,786**	**(120,923)**	**(6,039)**	**20,310**	**12,164**	**5,202**	**(44,840)**	**31,707**	**(214,990)**

31 DECEMBER 2020												
EUR 1,000	USD	CAD	BRL	AUD	INR	CHF	KRW	ZAR	GBP	IDR	OTHER	TOTAL
Non-current assets	86	314	368	-	443	5	319	6	-	2,707	-	4,248
Current assets	155,507	8,151	24,606	26,405	98,974	(2,390)	16,111	14,169	19,221	8,861	154	369,768
Non-current liabilities	(12,675)	(7,793)	(1,306)	(5,186)	(173,686)	(692)	(54)	(23)	(641)	(2,947)	(15,559)	(220,562)
Current liabilities	(239,018)	(14,796)	(9,107)	(12,411)	(11,216)	(3,218)	(3,538)	(6,415)	(15,229)	(1,447)	(1,205)	(317,600)
Net statement of currency risk exposure	**(96,099)**	**(14,125)**	**14,560**	**8,808**	**(85,486)**	**(6,295)**	**12,839**	**7,737**	**3,351**	**7,173**	**(16,610)**	**(164,146)**

The risk exposure above includes the mitigating effects of hedged net liability positions in USD to the amount of EUR 1.4 million (2020: EUR 13.8 million).

The following significant exchange rates applied during the year:

	2021	2020	2021	2020
	AVERAGE RATE		REPORTING DATE SPOT RATE	
USD	0.843998	0.824827	0.882924	0.814930
CAD	0.673515	0.642084	0.694782	0.639673
BRL	0.157066	0.156798	0.158232	0.156820
AUD	0.633271	0.622313	0.640410	0.629089
INR	0.011427	0.011212	0.011872	0.011153
CHF	0.924676	0.924174	0.967961	0.925755
KRW	0.000739	0.000751	0.000743	0.000749
ZAR	0.056890	0.054881	0.055363	0.055488
GBP	1.161915	1.112669	1.190080	1.112310
IDR	0.000059	0.000059	0.000062	0.000058

Sensitivity analysis

A 10% strengthening of the EUR, as indicated below, against the USD, CAD, BRL, AUD, INR, CHF, KRW, ZAR, GBP and IDR at 31 December 2021 and 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

EUR1,000	2021	2021	2020	2020
	Equity	Profit or loss	Equity	Profit or loss
USD	(45,917)	15,838	(35,501)	8,758
CAD	(7,131)	(14)	(6,201)	(11)
BRL	(7,544)	-	(6,701)	-
AUD	(7,529)	-	(6,793)	-
INR	(41,382)	-	(38,716)	-
CHF	(4,920)	-	(4,833)	-
KRW	(3,870)	-	(3,754)	-
ZAR	(4,535)	(26)	(2,985)	(27)
GBP	(4,278)	(345)	(3,271)	(32)
IDR	(10,768)	-	(2,478)	-

A 10% weakening of the EUR against the above currencies at 31 December 2021 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group pursues a policy of ensuring that a substantial part of its exposure to changes in interest rates on long-term financing is on a fixed rate basis, taking into account assets with exposure to changes in interest rates. If required the Group makes uses of interest rate swap contracts.

Interest rate profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

EUR1,000	2021	2020[1]
	Carrying amount	
Fixed rate instruments		
Financial liabilities	(312,564)	(311,823)
Total	**(312,564)**	**(311,823)**
Variable rate instruments		
Financial assets	177,879	169,008
Financial liabilities	(530,096)	(392,896)
Total	**(352,217)**	**(223,888)**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial asset and liability at fair value through profit and loss.

Fair value sensitivity analysis for variable rate instruments

Note 29 details the variable interest rates applicable for the non-current loans.

5.f Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

5.g Capital management

The primary objective when managing capital is to safeguard the Group's ability to continue as a going concern by means of optimising the debt and equity balance. The Company does not have an explicit return on capital policy. There have been no changes in the capital management policies during the year. The Group is not subject to any externally imposed capital requirements. Capital is considered by the Company to be equity as shown in the statement of financial position.

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COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION

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The Group's net liabilities and adjusted equity at the reporting date are as follows:

EUR1,000	2021	2020[1]
Total liabilities	1,809,204	1,444,384
Less: Cash and cash equivalents	(177,879)	(169,008)
Net liabilities	**1,631,325**	**1,275,376**
Total equity	1,461,354	1,252,408
Less: Amounts accumulated in equity relating to cash flow hedges	100	206
Adjusted equity	**1,461,454**	**1,252,614**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

6 Operating segments

In presenting information on the basis of operating segments, segment revenue is based on the geographical location of the Group's operations. Segment assets are based on the geographical location of the assets with the exception of assets related to holding companies, which are presented in a separate reporting unit.

Transactions between companies within an operating segment have been eliminated; transactions between operating segments are based on arm's-length principle.

A key performance indicator for controlling the results of the operating segments is Operating EBITA.

Operating EBITA is defined as the sum of the result from operating activities, amortisation of intangible assets, and non-recurring items. Non-recurring items include:
- cost of corporate restructurings and reorganisations
- cost related to realised and non-realised acquisitions

While the amounts included in Operating EBITA are derived from the Group's financial information, it is not a financial measure determined in accordance with adopted IFRS and should not be considered as an alternative to operating income or result from operating activities as a sole indicator of the Group's performance or as an alternative to cash flows as a measure of the Group's liquidity. The Group uses Operating EBITA as a key performance indicator in its business operations in order to, among other things, develop budgets, measure its performance against those budgets and evaluate the performance of its operations.

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The bridge from result from operating activities to operating EBITA is as follows:

EUR1,000	2021	2020[1]
Result from operating activities	**305,465**	**190,380**
Amortisation of intangible assets	65,460	47,520
Non-recurring items	2,704	5,251
Operating EBITA	**373,629**	**243,151**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The non-recurring income and expenses included in the result from operating activities of 2021 and 2020 mainly relate to income from divestments, costs of acquisitions of businesses and costs related to one-off adjustments to the organisation.

Operating expenses of non-operating companies are reported in the segment Holding companies. Inter-segmented amounts receivable and amounts payable are not considered in the value of the total assets and total liabilities of each segment. The results of the operating segments are as follows:

EMEA

EUR1,000	2021	2020
Revenue	1,601,597	1,326,926
Gross profit	411,670	337,375
Operating EBITA	180,268	131,178
Result from operating activities	154,378	106,739
Total Assets	1,024,665	909,541
Total Liabilities	340,380	286,635

AMERICAS

EUR1,000	2021	2020
Revenue	1,119,584	945,114
Gross profit	250,482	204,222
Operating EBITA	112,960	86,018
Result from operating activities	102,927	70,092
Total Assets	639,807	488,450
Total Liabilities	211,483	149,071

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ASIA-PACIFIC

EUR 1,000	2021	2020
Revenue	714,079	502,877
Gross profit	174,164	105,887
Operating EBITA	109,712	52,884
Result from operating activities	80,468	40,575
Total Assets	1,251,011	955,655
Total Liabilities	482,432	331,884

HOLDING COMPANIES

EUR 1,000	2021	2020[1]
Operating EBITA	(29,310)	(26,928)
Result from operating activities	(32,308)	(27,027)
Total Assets	355,075	343,148
Total Liabilities	774,909	676,793

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Reported revenue per segment relates to revenue with third parties, hence no inter-segment revenues are included. IMCD and its operating segments have a diverse customer base of about 56,000 customers in many countries and of various sizes. IMCD and its segments do not rely on a single customer or a single group of customers for its operations. With a supplier base of approximately 2,600 suppliers and product portfolio of about 43,000 products, the same applies with regard to the reliance on a single supplier or a single group of suppliers and a single product or range of products.

7 Acquisition of subsidiaries

The Group completed eight acquisitions during the financial year 2021. In addition IMCD signed four share purchase agreements for acquisitions to be completed in 2022 (numbers are local GAAP):

On 6 January 2021, IMCD acquired 100% of the shares in Ejder Kimya Ilaç DanışmanlıkSanayi ve Ticaret A.Ş. ("Ejder Kimya"). Ejder Kimya is a Turkish chemicals distributor of raw materials for personal care and pharmaceutical products and food additives. It has a strong and solid position in the personal care market in Turkey. Ejder Kimya's personal care business generated a revenue of approximately EUR 6 million in 2020. The company is fully integrated into IMCD Turkey.

On 7 January 2021, IMCD acquired the pharmaceutical business of Peak International Products B.V. ("Peak International"). Peak International is a Dutch-based distributor in the active pharmaceutical ingredients business for Benelux, Vietnam, Germany and Israel. The Peak pharmaceutical business generated a revenue of approximately EUR 6 million in 2020.

On 8 January 2021, IMCD acquired 100% of the shares in Siyeza Fine Chem Propriety Limited ("Siyeza"). Siyeza, based in Johannesburg, is a distributor of pharmaceutical, veterinary, food and personal care speciality chemical ingredients in South Africa. With 27 employees, Siyeza generated a revenue of approximately EUR 16 million in 2020 through their representation of world leading producers from Europe and Asia. The company is fully integrated into IMCD South Africa.

In April 2021, IMCD divested its Nutri Granulations manufacturing assets and associated business, which was acquired by IMCD as part of the ET-Horn acquisition in 2018. Located in La Mirada, CA, with 22 employees, Nutri Granulations manufactures foodgrade and USP grade calcium carbonate granulations for the nutraceuticals, food, and pharmaceuticals markets. Nutri Granulations realised a revenue of USD 11 million in 2020. The divestment aligns with IMCD's strategy to focus on the sales, marketing and distribution of speciality chemicals and ingredients. Refer to Note 9 for the income related to the divestment of Nutri Granulations.

On 14 May 2021, IMCD acquired Siliconas y Químicos ("Siliconas"), based in Bogotá,Colombia. Siliconas is a speciality chemicals distributor and serves the personal care,coatings, silicones and other speciality industrial markets and perfectly complements IMCD's existing pharmaceuticals, food and nutrition business in Colombia. Siliconas has 25 employees and generated a revenue of USD 9 million in 2020. IMCD acquired 80% of the shares of Siliconas; the remaining 20% will be acquired in 2022.

On 19 May 2021, IMCD acquired 100% of the shares in Andes Chemical Corp. ("Andes Chemical"). Headquartered in the Miami metropolitan area, Andes Chemical is active in Caribbean and Central American countries, Colombia and Peru. Andes Chemical serves the coatings, adhesives, sealants, and elastomers (CASE), construction, cosmetics, personal care, plastics, pharmaceuticals, and HI&I industries. Andes Chemical has 43 employees and generated a revenue of USD 46 million in 2020.

On 2 June 2021, IMCD acquired 100% of the shares in Shanghai Yuanhe Chemicals Co. ("Yuanhe"). Yuanhe is a service solution provider focused on offering innovative speciality chemicals and ingredients for the coatings, inks and textile industry. Yuanhe serves the pharmaceutical, food and nutrition, plastics and personal care industries. Yuanhe has 20 employees and generated a revenue of EUR 13.2 million in 2020.

On 19 August 2021, IMCD acquired 100% of the shares in Materias Químicas de México S.A. de C.V. and Pluralmex S.A de C.V. (together: "Maquimex"), based in México City. Maquimex is an asset-light speciality chemicals distributor providing commercial and technical expertise in the preservatives, HI&I, energy, water treatment and other industrial markets. Maquimex has 44 employees and generated a revenue of approximately USD 29 million in 2020.

On 29 September 2021, IMCD signed an agreement to acquire 100% of the shares in Aquatech Speciality (Shanghai) International Trading Co., Ltd. and Aquatech Speciality(Guangzhou) Trading Co., Ltd. (jointly "Aquatech") in China. Aquatech is active in waterborne solutions in coatings, ink, and textile industries. Aquatech has 10 employees and generated a revenue of EUR 6.7 million in 2020. The closing of the transaction is expected to take place early 2022.

On 21 December 2021, IMCD acquired 100% of the shares of PT Megasetia Agung Kimia ("Megasetia") in Indonesia. Megasetia is a distributor of speciality ingredients for the pharmaceutical industry and has an excellent fit with IMCD's life science strategy and provides a significant platform for

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further growth in the life science segments in Indonesia. The transaction will take place in two tranches, with IMCD acquiring 70% of Megasetia's share capital in 2021 and the remaining 30% in 2025 at the latest. Megasetia has 160 employees and generated a revenue of EUR 60 million in 2020.

On 22 December 2021, IMCD signed an agreement to acquire 100% of the shares in Polychem Handelsges.m.b.H. ("POLYchem"), a leading provider of chemical raw materials and additives in Austria and Southeast Europe. POLYchem offers a diverse portfolio of products for the coatings, construction, as well as the composite industries. POLYchem has 65 employees and generated a revenue of EUR 25 million in 2020. The transaction was closed on 8 February 2022.

The aforementioned transactions, excluding Ejder, Peak and Siyeza, added EUR 61.3 million of revenue and EUR 1.8 million of net profit to the Group's results in 2021. Ejder, Peak and Siyeza were excluded as we were unable to identify their contribution due to being merged quickly after closing.

If all acquisitions had occurred on 1 January 2021, management estimates that the consolidated revenue would have been EUR 3,561.1 million and the consolidated result for the year would have been EUR 215.7 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

The total consideration related to the aforementioned transactions, transferred in cash in 2021, amounts to EUR 170.1 million. As of 31 December 2021, the deferred and contingent considerations payable related to the acquisitions completed in 2021 amount to EUR 80.6 million of which EUR 69.2 million relates to Megasetia. The final consideration amount for Megasetia depends upon meeting certain earnings targets.

The consideration for Megasetia depends on the timing of acquiring the remaining part of the shares, the performance of the company (last twelve months of EBITDA) and the net cash / debt position at execution date and is therefore subject to uncertainty. This consideration has been discounted to its present value based on the cost of debt. The sensitivity analysis with respect to the contingent considerations has been disclosed in Note 33.

In addition to the transactions closed in 2021, on 6 December 2021, IMCD signed an agreement to acquire 100% of the shares in Shanghai Syntec Additive Limited and Shanghai Weike Additive Limited (jointly "Syntec"). Syntec provides market, technical and formulation expertise in China's personal care, cosmetics, and home care industries. Syntec generated a revenue of approximately EUR 14 million in 2020 and has 25 employees. The transaction was closed on 18 January 2022.

Furthermore, on 22 December 2021, IMCD signed an agreement to acquire 100% of the shares of RPL Trading Pty Ltd and RPL Trading New Zealand Ltd (jointly "RPL Trading"), a speciality chemicals distributor focused on services and formulation expertise for customers and partners in the home care and water treatment markets. RPL Trading generated a revenue of approximately EUR 16 million for the fiscal year ended on 30 June 2021 and has 15 employees. The transaction was closed on 31 January 2022.

Identifiable assets recognised and liabilities assumed

The recognised amounts of assets acquired and liabilities assumed on the basis of provisional purchase price allocation at the acquisition dates, are as follows:

EUR 1,000	NOTE	ANDES CHEMICAL	MEGASETIA	OTHER ACQUISITIONS	TOTAL
Property, plant and equipment	17	936	3 099	503	4,539
Intangible assets	18	5,196	27,461	27,614	60,270
Deferred tax assets	23	154	339	869	1,412
Other financial assets		1	9	4	14
Inventories		4,987	14,416	11,108	30,511
Trade and other receivables		16,180	19 273	13,079	48,533
Cash and cash equivalents		2,755	862	7,175	10,792
Loans and borrowings		(2,450)	(798)	(436)	(3,683)
Other short-term financial liabilities		(232)	(3,460)	(230)	(3,922)
Employee benefits and other provisions	30, 31	(77)	(587)	(1,798)	(2,462)
Deferred tax liabilities	23	(164)	(6,042)	(6,955)	(13,161)
Trade and other payables		(12,520)	(5,966)	(11,205)	(29,291)
Total net identifiable assets		**14,767**	**49,054**	**39,729**	**103,551**

The intangible assets recognised primarily relate to supplier relationships and order books acquired.

The supplier relations have been determined by applying the multi-period excess earnings method. This method considers the present value of net cash flows expected to be generated by the supplier relationships, by excluding any cash flows related to contributory assets. The cash flows which have been used as input were based on the projections made by the sellers, adjusted for future supplier losses due to exclusivity conflicts, projected market developments based on external sources and our own expectations based on our extensive market knowledge. Furthermore, attrition rates are determined based on the annual decrease in revenues related to suppliers (when applicable) in the most recent financial years, adjusted for annual inflation. These attrition rates have been applied in the projections. For Megasetia and Andes Chemical the attrition rate applied for the valuation of the supplier relationships is 10%.

The gross contractual value of the trade and other receivables acquired amounts to EUR 50.9 million of which EUR 16.6 million relates to Andes and EUR 19.8 million to Megasetia.

The purchase price allocations of the acquisitions closed in 2021 are performed on a provisional basis. This particularly applies to Megasetia, due to the timing of the closure of the transaction towards the year end. Based on the information currently available we do not anticipate significant adjustments to the purchase price allocation.

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Goodwill

Goodwill recognised as a result of the acquisitions in the financial year is as follows.

EUR 1,000	NOTE	ANDES CHEMICAL CENTRO AMERICA, S.R.L.	MEGASETIA	OTHER ACQUISITIONS	TOTAL
Total considerations		34,254	140,169	86,825	261,248
Less: Fair value of identifiable net assets		14,767	49,054	39,729	103,551
Goodwill	18	**19,487**	**91,115**	**47,096**	**157,697**

Goodwill recognised as a result of the acquisitions in the financial year relates to Andes Chemical, Megasetia, Ejder, Peak International, Siyeza, Siliconas, Yuanhe and Maquimex. The goodwill is mainly attributable to the skills and technical talent of the workforce, the commercial relationships, the international network and the synergies expected to be achieved from integrating the acquired companies into the Group's existing distribution business.

Of the total recognised goodwill, 58% relates to Megasetia, 12% to Andes Chemical, 8% to Ejder Kimya, 8% to Maquimex and 14% to the other acquired businesses.

Amortisation expenses related to the goodwill paid to the sellers of Peak and Andes Chemical are deductible for corporate income tax purposes. Total tax-deductible goodwill amounts to EUR 25.4 million. Amortisation of goodwill related to Megasetia, Siyeza, Ejder Kimya, Siliconas, Yuanhe and Maquimex is not eligible for deduction from taxable income.

The goodwill contains an adjustment of the provisional purchase price allocation for Signet (increase of EUR 41 million), which was acquired in 2020. This adjustment relates to changes in the assumptions at acquisition date of the projected cash and debt positions at the execution date.

Acquisition-related costs

In 2021, the Group incurred acquisition-related costs of EUR 4.4 million (2020: EUR 2.7 million) predominantly related to external legal fees and due diligence costs for completed and non-completed acquisitions. The acquisition-related costs are included in other operating expenses.

8 Revenue

The Group generates revenue primarily from the sale and distribution of specialty chemicals and ingredients. Other sources of revenue include revenue from commission where the Group acts as agent in the sale and distribution of specialty chemicals and ingredients.

EUR 1,000	2021	2020
Sales of goods	3,423,611	2,764,809
Commissions	11,638	10,109
Total Revenue	**3,435,250**	**2,774,918**

In the following tables, revenue from contracts with customers is disaggregated by primary geographical market and their market segments, being Life Science and Industrial.

Geographical Market

The breakdown of revenue by geographical market is as follows:

EUR 1,000	2021	2020
Netherlands	69,789	57,274
Rest of EMEA	1,531,798	1,269,652
EMEA	**1,601,587**	**1,326,926**
North America	892,885	819,696
Latin America	226,699	125,418
Asia-Pacific	714,079	502,877
Total Geographical Market	**3,435,250**	**2,774,918**

Market segments

IMCD's business model is based on long lasting relationships with suppliers of speciality chemicals and ingredients. In order to provide more insight in the segmentation per market, IMCD has decided to break down the sales in the market segments Life Sciences and Industrials.

Life Sciences consists of the following lines of business: Pharmaceuticals, Personal Care and Food & Nutrition. In general, the lines of business within Life Science historically have been less sensitive to economic fluctuations. Furthermore, the Life Science segment consists of lower order volumes and higher margins than the Industrials market segment.

The Industrials segment contains the lines of business of Coatings & Constructions, Lubricants & Energy, Synthesis, Advanced Materials and Home Care & I&I. This segment has a more cyclical nature as the performance is dependent on the developments of, amongst others, the housing and real estate, automotive and oil & gas markets.

The breakdown of sales of goods per market segment is as follows:

EUR 1,000	2021	2020
Life Science	1,616,104	1,327,782
Industrial	1,807,507	1,437,027
Total Market Segments	**3,423,611**	**2,764,809**

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Performance obligations

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The nature and timing of the fulfilment of performance obligations is disclosed in contracts with customers upon the sale and distribution of speciality chemicals and ingredients. The Group recognizes revenue when control is transferred which is at the moment that ownership is transferred to the customer, primarily based on agreed incoterms.

9 Other income

EUR 1,000	2021	2020
Other income	24,254	12,443
Total Other income	**24,254**	**12,443**

Other income primarily relates to logistic and other services charged separately to customers. In 2021, other income included non-recurring income of (EUR 6.2 million) related to the divestment of the Nutri Granulations business in the US, as disclosed in Note 7.

10 Personnel expenses

EUR 1,000	NOTE	2021	2020
Wages and salaries	12	228,739	196,459
Social security contributions		32,086	28,914
Contributions to defined contribution plans		9,683	7,877
Expenses related to defined benefit plans	30	199	1,269
Expenses related to termination and other long-term employee benefit plans	30	1,827	1,519
Other personnel expenses		15,936	12,707
Total Personnel expenses		**288,470**	**248,745**

The personnel expenses 2021 include non-recurring severance costs of EUR 4.8 million (2020: EUR 0.8 million).

The average number of employees in the financial year by region and by function, measured in full-time equivalents, is as follows:

FTE	2021	2020
The Netherlands (excluding Dutch Holding companies)	65	64
Rest of EMEA	1,500	1,385
EMEA	1,565	1,449
Americas	928	805
Asia-Pacific	903	767
Holding companies	93	80
Total average FTE	**3,489**	**3,101**
Management and administration	519	443
Sales	2,235	2,028
ICT/HSEQ/Warehouse/Other	735	630
Total average FTE	**3,489**	**3,101**

11 Non-recurring income and expenses

The non-recurring income and expenses are recognised in profit or loss and are summarised as follows:

EUR 1,000	NOTE	2021	2020
Other operating income	9	6,807	69
Personnel expenses and other operating expenses	10, 13	(9,512)	(5,321)
Impact on result before income tax		**(2,705)**	**(5,252)**
Non-recurring income tax expenses	23, 41	(779)	
Impact on result for the year		**(3,484)**	**(5,252)**

The non-recurring income for 2021 includes income related to the divestment of the Nutri Granulations business in the US of EUR 6.2 million. The non-recurring personnel expenses and other operating expenses for 2021 include severance costs of EUR 4.8 million (2020: EUR 0.8 million) and other operating expenses of EUR 4.7 million (2020: EUR 4.5 million) related to professional services fees incurred during acquisition projects and subsequent integration processes.

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12 Share based payment arrangements

Description of the share based payment arrangement

As of 1 January 2015, the Group established a long-term incentive plan (LTIP) for the Management Board, the Executive Committee and certain senior managers. Under this equity settled LTIP, performance shares are awarded based on certain performance conditions. Aims of the LTIP are long-term value creation, motivation and sharing of success and the retention of key employees.

The applicable performance conditions for the Management Board are:
- relative Total Shareholder Return performance (market-related condition) compared with a selected group of peer companies and
- cash earnings per share (internal performance condition)

The performance period starts every year on 1 January and lasts three financial years. After vesting, the unconditional shares are subject to a holding period of two years and become unrestricted five years after grant date.

The performance conditions for the Executive Committee and for senior managers are solely internal performance conditions and include:
- growth in cash earnings per share (only for the Executive Committee)
- operating EBITA
- discretionary assessment by the Management Board

The performance period starts every year on 1 January and lasts one year. The shares become unconditional after a service period of three years.

Reconciliation of outstanding performance shares

The number of performance shares granted is as follows:

	2021		2020	
	NUMBER OF SHARES	BASED ON SHARE PRICE	NUMBER OF SHARES	BASED ON SHARE PRICE
Shares granted to the Management Board	11,501	103.43	15,054	78.03
Shares granted to Executive Committee and certain senior managers	30,055	103.43	40,319	78.03

The total number of performance shares granted in 2021 is based on a target performance (100 per cent) with an upward and downward potential for the Management Board and the Executive Committee. The expected total number of performance shares is 172,209 with vesting dates in 2022, 2023 and 2024.

The weighted average share price and the number of performance shares are as follows:

	2021		2020	
	WEIGHTED AVERAGE SHARE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE SHARE PRICE	NUMBER OF SHARES
Outstanding as at 1 January	**62.12**	**193,506**	**56.50**	**155,260**
Forfeited during the year	-	-	62.16	(1,157)
Exercised during the year	50.35	(79,971)	41.47	(43,578)
Granted during the year	145.84	41,556	72.59	55,373
Performance adjustment	-	17,118	-	27,608
Outstanding as at 31 December	**85.78**	**172,209**	**62.12**	**193,506**

The weighted average share price of granted shares is equal to the share price at the grant date adjusted for the expected retention and expected dividends, based on the Company's dividend policy, during the vesting period. In addition, the weighted average share price of shares granted to the Management Board is adjusted for market-related performance conditions and for the impact of the restriction period.

Expenses recognised in profit or loss

EUR 1,000	2021	2020
Shares granted	5,295	4,635

13 Other operating expenses

The other operating expenses are as follows:

EUR 1,000	2021	2020[1]
Accommodation and other rental costs	7,658	6,879
Other office expenses	26,724	23,489
Car expenses	4,851	4,506
Business travel and representation expenses	5,711	5,842
Professional service fees	15,053	13,581
Credit sales expenses	1,325	1,049
Insurance costs	3,995	3,773
Other operating expenses	6,575	6,598
Total Other operating expenses	**71,892**	**65,717**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

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The other operating expenses include an amount of EUR 4.7 million (2020: EUR 4.5 million) related to non-recurring items. The non-recurring items in 2021 and 2020 include professional services fees incurred during acquisition projects and subsequent integration processes and costs related to one-off adjustments to the organisation.

14 Net finance costs

The following finance income and finance costs are recognised in profit or loss:

EUR 1,000	2021	2020[1]
Interest income on loans and receivables	1,803	639
Change in fair value of contingent considerations	-	1,997
Finance income	**1,803**	**2,636**
Interest expenses on financial liabilities measured at amortised cost	(15,658)	(18,023)
Non-recurring interest expenses	-	-
Interest expenses on provisions for pensions and similar obligations	(403)	(433)
Interest expenses on lease liabilities	(2,475)	(2,429)
Change in fair value of contingent considerations	(1,151)	-
Currency exchange results	(3,786)	(7,512)
Finance costs	**(23,473)**	**(28,397)**
Net finance costs recognised in profit or loss	**(21,670)**	**(25,761)**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

Finance income and expenses recognised in other comprehensive income are as follows:

EUR 1,000	2021	2020
Foreign currency translation differences of foreign operations	56,529	(82,553)
Effective portion of changes in fair value of cash flow hedges	106	(110)
Tax on foreign currency translation differences and changes in fair value of cash flow hedges recognised in other comprehensive income	(485)	4,393
Finance income recognised in other comprehensive income, net of tax	**56,150**	**(78,270)**

15 Income tax expense

Income tax expenses recognised in profit or loss

EUR 1,000	2021	2020[1]
Current tax expense		
Current year	79,879	48,302
Adjustment for prior years	753	1,151
	80,632	**49,453**
Deferred tax expense		
Reduction in tax rate	(132)	162
Origination and reversal of temporary differences	(2,892)	(4,536)
Recognition of previously unrecognised tax losses	(214)	(74)
Recognition of current year tax losses	(843)	(1,021)
Derecognition of previously recognised tax losses	39	462
	(4,041)	**(5,007)**
Total income tax expense	**76,591**	**44,446**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

The reported tax expenses include an amount of negative EUR 7.5 million (2020: EUR 5.4 million) related to temporary differences regarding amortisation of intangible assets.

Income tax recognised in other comprehensive income and expenses

	2021			2020		
EUR 1,000	BEFORE TAX	TAX BENEFIT/(EXPENSE)	NET OF TAX	BEFORE TAX	TAX BENEFIT/(EXPENSE)	NET OF TAX
Foreign currency translation differences for foreign operations	56,529	(485)	**56,044**	(82,553)	4,393	**(78,160)**
Cash flow hedges	106	-	**106**	(110)	-	**(110)**
Defined benefit plan actuarial gains/(losses)	684	(272)	**412**	(2,355)	537	**(1,818)**
	57,319	**(757)**	**56,562**	**(85,018)**	**4,930**	**(80,088)**

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The reconciliation between the Company's domestic income tax rate and related tax charge and the effective income tax rate and related effective income tax charge is as follows:

Reconciliation effective tax rate

EUR 1,000	2021		2020[1]	
	%		%	
Profit for the year		207,236		120,128
Total income tax expense	27%	76,591	27.0	44,446
Profit before income tax		**283,827**		**164,574**
Income tax using the Company's domestic tax rate	25%	70,956	25%	41,144
Effect of tax rates in foreign jurisdictions	1%	3,612	1%	1,026
Effect of change in tax rate	0%	(132)	0%	162
Tax effect of:				
Non-deductible expenses	1%	2,115	2%	3,059
Tax incentives and tax exempted income	0%	(715)	0%	(718)
Utilisation of tax losses	0%	(288)	0%	(122)
Recognition of previously unrecognised tax losses	0%	(214)	0%	(75)
Derecognition of previously recognised tax losses	0%	40	0%	463
Current year losses for which no deferred tax asset was recognised	0%	59	0%	57
(De)recognition of previously (un)recognised temporary differences	0%	406	(2)%	(2,533)
Under provided in prior years	0%	752	1%	1,983
	27%	**76,591**	**27%**	**44,446**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The following countries within the IMCD Group were subject to changes in the applicable corporate income tax rates in the financial year compared with the previous financial year: Indonesia 22% (2020: 25%) and Turkey 25% (2020: 22%)

16 Earnings per share

Basic earnings per share

The basic earnings per share of EUR 3.64 (2020: EUR 2.23) is determined by dividing the result for the year due to the owners of the Company of EUR 207.2 million (2020: EUR 120.1 million) by the weighted average number of shares in circulation amounting to 56.9 million (2020: 53.8 million). As of 31 December 2021, the number of ordinary shares outstanding was 57.0 million (31 December 2020: 57.0 million).

Profit attributable to ordinary shareholders

EUR 1,000		2021	2020[1]
Profit/(loss) for the year, attributable to the owners of the Company (basic)	**(A)**	207,276	120,128

[1] *The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2*

Weighted average number of ordinary shares

IN THOUSAND SHARES	NOTE		2021	2020[1]
Issued ordinary shares as at 1 January	27		56,987	52,592
Increase from change in nominal value	27		-	-
Conversion from shareholders' loans	27		-	-
Effect of shares issued	27		-	1,250
Effect of purchase or transfer of own shares	27		(47)	(92)
Weighted average number of ordinary shares as at 31 December		**(B)**	**56,940**	**53,750**
Earnings per share (A/B)			3.64	2.23

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

Diluted earnings per share

The calculation of the diluted earnings per share of EUR 3.63 (2020: EUR 2.23) has been based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

The total number of shares granted based on the Group's share based payment scheme are included in the calculation of the diluted weighted average number of shares.

Weighted average number of ordinary shares (diluted)

IN THOUSAND SHARES	NOTE		2021	2020[1]
Weighted average number of ordinary shares (basic) as at 31 December	27		56,940	53,750
Effect of share based payments			121	138
Weighted average number of ordinary shares (diluted) at 31 December		**(C)**	**57,061**	**53,888**
Diluted earnings per share (A/C)			3.63	2.23

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

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17 Property, plant and equipment

Property, plant and equipment comprises of owned and leased assets:

EUR 1,000	NOTE	2021	2020
Property, plant and equipment owned		28,623	26,743
Right-of-use assets	19	69,309	68,207
		97,932	**94,950**

The movements for the financial year of the property, plant and equipment are as follows:

EUR 1,000	NOTE	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	HARDWARE & SOFTWARE	OTHER ASSETS	TOTAL
Cost						
Balance as at 1 January 2021		**20,650**	**12,823**	**13,467**	**11,374**	**58,314**
Acquisitions through business combinations	7	2,212	1,200	812	1,079	**5,303**
Additions for the year		904	1,815	1,816	1,626	**6,161**
Disposals		(2,296)	(1,277)	(3,652)	(1,983)	**(9,208)**
Effect of movements in exchange rates		874	532	361	90	**1,857**
Balance as at 31 December 2021		**22,344**	**15,093**	**12,804**	**12,186**	**62,427**
Depreciation and impairment losses						
Balance as at 1 January 2021		**5,935**	**7,076**	**10,013**	**8,547**	**31,571**
Acquisitions through business combinations	7	**547**	1,055	680	803	**3,085**
Depreciation for the year		1,797	1,718	1,653	1,029	**6,197**
Disposals		(1,949)	(1,100)	(3,611)	(1,353)	**(8,013)**
Effect of movements in exchange rates		303	296	284	81	**964**
Balance as at 31 December 2021		**6,633**	**9,045**	**9,019**	**9,107**	**33,804**
Carrying amounts						
As at 1 January 2021		**14,715**	**5,747**	**3,454**	**2,827**	**26,743**
As at 31 December 2021		**15,711**	**6,048**	**3,785**	**3,079**	**28,623**

EUR 1,000	NOTE	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	HARDWARE & SOFTWARE	OTHER ASSETS	TOTAL
Cost						
Balance as at 1 January 2020		**19,933**	**11,223**	**16,691**	**16,209**	**64,056**
Acquisitions through business combinations		-	323	117	619	**1,059**
Additions for the year		3,912	3,835	2,006	(519)	**9,234**
Disposals		(858)	(1,198)	(2,301)	(4,287)	**(8,644)**
Effect of movements in exchange rates		(2,337)	(1,360)	(3,046)	(648)	**(7,391)**
Balance as at 31 December 2020		**20,650**	**12,823**	**13,467**	**11,374**	**58,314**
Depreciation and impairment losses						
Balance as at 1 January 2020		**5,544**	**6,042**	**12,916**	**10,582**	**35,084**
Acquisitions through business combinations		-	211	69	382	**662**
Depreciation for the year		1,546	2,728	1,561	1,005	**6,840**
Disposals		(465)	(1,005)	(1,647)	(2,897)	**(6,014)**
Effect of movements in exchange rates		(690)	(900)	(2,886)	(525)	**(5,001)**
Balance as at 31 December 2020		**5,935**	**7,076**	**10,013**	**8,547**	**31,571**
Carrying amounts						
As at 1 January 2020		**14,389**	**5,181**	**3,775**	**5,627**	**28,972**
As at 31 December 2020		**14,715**	**5,747**	**3,454**	**2,827**	**26,743**

18 Intangible assets

The intangible assets are comprised of owned and leased assets:

EUR 1,000	NOTE	2021	2020[1]
Intangible assets owned		1,808,099	1,546,915
Right-of-use assets	19	-	23
		1,808,099	1,546,938

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2.

The movements for the financial year for the intangible assets owned are as follows:

EUR 1,000	NOTE	GOODWILL	INTELLECTUAL PROPERTY RIGHTS	DISTRIBUTION RIGHTS	BRAND NAMES	SUPPLIER RELATIONS	OTHER INTANGIBLES	TOTAL
Cost								
Balance as at 1 January 2021		**1,027,915**	**104**	**26,737**	**25,000**	**714,012**	**30,889**	**1,824,657**
Acquisitions through business combinations	7	-	-	-	-	57,989	2,285	60,274
Additions for the year		194,750	-	9,366	-	-	3,251	207,367
Disposals		-	-	(115)	-	(2)	(1,489)	(1,606)
Effect of movements in exchange rates		39,769	-	823	-	23,859	601	65,052
Balance as at 31 December 2021		**1,262,434**	**104**	**36,811**	**25,000**	**795,858**	**35,537**	**2,155,744**
Amortisation and impairment losses								
Balance as at 1 January 2021		**5,322**	**67**	**14,886**	**-**	**238,550**	**18,917**	**277,742**
Acquisitions through business combinations	7	-	-	-	-	-	4	4
Amortisation for the year		-	-	4,439	-	53,608	7,390	65,437
Impairment loss		-	-	-	-	-	-	-
Disposals		-	-	(115)	-	(143)	(1,473)	(1,731)
Effect of movements in exchange rates		101	-	365	-	5,243	484	6,193
Balance as at 31 December 2021		**5,423**	**67**	**19,575**	**-**	**297,258**	**25,322**	**347,645**
Carrying amounts								
As at 1 January 2021		**1,022,593**	**37**	**11,851**	**25,000**	**475,462**	**11,972**	**1,546,915**
As at 31 December 2021		**1,257,011**	**37**	**17,236**	**25,000**	**498,600**	**10,215**	**1,808,099**

EUR 1,000	NOTE	GOODWILL	INTELLECTUAL PROPERTY RIGHTS	DISTRIBUTION RIGHTS	BRAND NAMES	SUPPLIER RELATIONS	OTHER INTANGIBLES	TOTAL
Cost								
Balance as at 1 January 2020		**763,432**	**104**	**25,173**	**25,000**	**535,933**	**38,742**	**1,388,384**
Adjustment for change in accounting policy	2e	-	-	-	-	-	(7,963)	(7,963)
Restated balance as at 1 January 2020		**763,432**	**104**	**25,173**	**25,000**	**535,933**	**30,779**	**1,380,421**
Acquisitions through business combinations		-	-	-	-	208,531	2,974	211,505
Additions for the year		311,404	-	4,150	-	1,509	4,145	321,208
Disposals		(9,278)	-	(1,729)	-	(1,877)	(6,247)	(19,131)
Effect of movements in exchange rates		(37,643)	-	(857)	-	(30,084)	(762)	(69,346)
Balance as at 31 December 2020		**1,027,915**	**104**	**26,737**	**25,000**	**714,012**	**30,889**	**1,824,657**
Amortisation and impairment losses								
Balance as at 1 January 2020		**14,431**	**67**	**13,513**	**-**	**211,915**	**20,972**	**260,898**
Adjustment for change in accounting policy		-	-	-	-	-	(1,871)	(1,871)
Restated balance as at 1 January 2020		**14,431**	**67**	**13,513**	**-**	**211,915**	**19,101**	**259,027**
Acquisitions through business combinations		-	-	-	-	-	91	91
Amortisation for the year		-	-	3,479	-	37,010	6,984	47,473
Impairment loss		-	-	-	-	-	-	-
Disposals		(8,810)	-	(1,794)	-	(670)	(6,348)	(17,622)
Effect of movements in exchange rates		(299)	-	(312)	-	(9,705)	(911)	(11,227)
Balance as at 31 December 2020		**5,322**	**67**	**14,886**	**-**	**238,550**	**18,917**	**277,742**
Carrying amounts								
As at 1 January 2020		**749,001**	**37**	**11,660**	**25,000**	**324,018**	**17,770**	**1,127,486**
As at 31 December 2020		**1,022,593**	**37**	**11,851**	**25,000**	**475,462**	**11,972**	**1,546,915**

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Goodwill impairment testing

For the purpose of goodwill impairment testing, goodwill is allocated to the following cash generating units:

EUR 1,000	2021	2020
EMEA	361,272	346,505
Americas	318,207	260,221
Asia-Pacific	577,532	415,867
	1,257,011	**1,022,593**

A cash generating unit (CGU) represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Key assumptions used in discounted cash flow projections

The recoverable amount per CGU is based on its value in use and is determined by discounting the future cash flows to be generated from the continued use of the CGUs. The cash flow forecasts were derived from the budget for 2022 and the plan years 2023 and 2024 which were established at the legal entity level and approved by Management Board and Supervisory Board. The forecasted cash flows have been extrapolated to the years 2025 and 2026. For the period after 2026 a growth rate equal to the weighted average of the forecasted annual real GDP growth rate for the period 2026-2051 is taken into account.

The pre-tax weighted average cost of capital (WACC) is estimated per CGU and varies mainly due to differences in risk free rates. The risk-free rates per CGU are equal to the weighted average of the rate of return on local sovereign bonds or strips. The main assumptions used to determine the WACC were provided by an external certified valuation expert.

The key assumptions for 2021 and 2020 for each CGU are as follows:

	2021		2020	
	PRE-TAX WACC	TERMINAL GROWTH RATE	PRE-TAX WACC	TERMINAL GROWTH RATE
EMEA	10.0%	2.2%	10.3%	2.1%
Americas	11.5%	2.5%	11.2%	2.2%
Asia-Pacific	15.0%	3.5%	14.1%	3.7%
Total Group	10.4%	2.6%	10.0%	2.6%

Sensitivity to changes in assumptions

No impairment of goodwill was necessary following impairment tests on all cash generating units within the Group. The discounted future cash flows from all cash generating units exceed the value of the goodwill and other relevant net assets.

It is inherent in the method of computation used that a change in the assumptions may lead to a different conclusion. Therefore, a sensitivity analysis is performed based on a change in a key assumption while keeping all other assumptions unchanged.

The following changes in assumptions are assessed:
- Decrease of the average growth rate 2023-2026 to the terminal growth rate
- Decrease of the terminal growth rate by 1.0%
- Increase of the WACC by 1.0%

The conclusion based on the sensitivity analysis performed is that any reasonable change in the key assumptions would not lead to an impairment. For Asia-Pacific the break-even point is reached earlier than the other segments, but taking into account the considerable growth of the region and the expansion by means of the recent acquisitions of Signet and Megasetia this scenario is highly unlikely.

Amortisation and impairment testing of supplier relationships

The supplier relationships consist of supplier bases within the following regions and remaining useful lives (RUL):

EUR 1,000	RUL	2021	2020
EMEA	4-13	116,641	124,574
Americas	5-16	115,497	105,622
Asia-Pacific	4-16	266,462	245,266
		498,600	**475,462**

The remaining useful lives of supplier bases are assessed at each reporting date and adjusted if appropriate. Furthermore, triggering events for a possible impairment are evaluated annually by means of assessing the potential impact of available internal and external information sources.

Impairment testing for cash-generating units containing intangible assets with indefinite useful lives other than goodwill

Brand names relate to the IMCD brand. As no assumption can be made about the durability of its economic use, the brand name has an indefinite useful life. The IMCD brand name is considered as a corporate asset and hence allocated to the individual CGUs for goodwill impairment testing purposes. The carrying amount of the brand name has been allocated to the CGUs as follows: EMEA: EUR 11.7 million (2020: EUR 11.3 million), Americas: EUR 8.1 million (2020: EUR 8.1 million) and Asia-Pacific: EUR 5.2 million (2020: EUR 5.5 million).

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19 Leases

Right-of-use assets

Right-of-use assets carrying amounts comprise:

		PROPERTY, PLANT AND EQUIPMENT				INTANGIBLE ASSETS	
EUR 1,000	NOTE	LAND AND BUILDINGS	CARS	OTHER ASSETS	TOTAL	SOFTWARE	TOTAL
Balance as at 1 January 2021		59,864	7,174	1,169	68,207	23	23
Acquisitions through business combinations		1,930	383	8	2,321	-	-
Depreciation and amortisation for the year		(16,123)	(4,445)	(638)	(21,206)	(23)	(23)
Additions for the year		13,225	4,271	264	17,760	-	-
Disposals		(354)	456	(147)	(45)	-	-
Effect of movements in exchange rates		2,270	(30)	32	2,272	-	-
Balance as at 31 December 2021		**60,812**	**7,809**	**688**	**69,309**	-	-

		PROPERTY, PLANT AND EQUIPMENT				INTANGIBLE ASSETS	
EUR 1,000	NOTE	LAND AND BUILDINGS	CARS	OTHER ASSETS	TOTAL	SOFTWARE	TOTAL
Balance as at 1 January 2020		52,241	7,806	1,312	61,359	13,763	13,763
Adjustment for change in accounting policy		-	-	-	-	(13,694)	(13,694)
Restated balance as at 1 January 2020		52,241	7,806	1,312	61,359	69	69
Acquisitions through business combinations		928	105	-	1,033	-	-
Depreciation and amortisation for the year		(13,759)	(4,113)	(925)	(18,797)	(47)	(47)
Additions for the year		24,380	3,310	890	28,580	-	-
Disposals		(1,302)	494	(221)	(1,029)	-	-
Effect of movements in exchange rates		(2,624)	(428)	113	(2,939)	1	1
Balance as at 31 December 2020		**59,864**	**7,174**	**1,169**	**68,207**	**23**	**23**

The Group leases several assets including offices and warehouses, cars and software.

Lease liabilities

The balance sheet shows the following lease liabilities:

EUR 1,000	NOTE	2021	2020[1]
Current	29	18,017	17,310
Non-current	29	52,712	51,677
Total lease liabilities		**70,729**	**68,987**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The undiscounted lease liabilities are as follows:

EUR 1,000	2021	2020[1]
Less than one year	20,187	19,181
One to five years	41,734	41,139
More than 5 years	15,891	16,695
Total undiscounted lease liabilities at 31 December	**77,811**	**77,015**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The weighted average discount rate as of 31 December 2021 is 3.53% (2020: 3.43%).

If it is reasonably certain that enforceable extension options will be used, these have been included in the lease. The Group has not included enforceable extension options with a cash flow of EUR1.4 million (2020: EUR12.9 million).

Amounts recognised in profit and loss

EUR 1,000	2021	2020[1]
Depreciation	21,206	18,986
Amortisation	22	47
Interest on lease liabilities	2,475	2,429
Variable lease payments not included in the measurement of lease liabilities	193	344
Income from sub-leasing right-of-use assets	115	9
Expense related to short-term leases	549	812
Expense related to leases of low-value assets, excluding short-term leases of low-value assets	256	395

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Amounts recognised in the statement of cash flows

EUR 1,000	2021	2020[1]
Total cash flows for leases (including short-term and low-value leases)	20,183	16,219

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

20 Non-current assets by geographical market

The non-current assets other than goodwill, financial instruments, deferred tax assets and post employment benefit assets, comprise property, plant and equipment, other intangible assets and equity-accounted investees. The aforementioned non-current assets by geographical location are as follows:

EUR 1,000	PROPERTY, PLANT AND EQUIPMENT	OTHER INTANGIBLE ASSETS	EQUITY-ACCOUNTED INVESTEES
Netherlands	3,669	125,012	-
Rest of EMEA	33,105	36,828	71
EMEA	**36,774**	**161,840**	**71**
Americas	38,175	120,552	-
Asia-Pacific	22,982	268,696	-
Total	**97,932**	**551,088**	**71**

21 Equity-accounted investees

The equity accounted investees relate to the 49% share in SARL IMCD Group Algerie and the 50% share in Velox China.

The following table analyses the carrying amount and share of profit and OCI of the equity interest.

EUR 1,000	2021	2020
Balance as at 1 January	**39**	**65**
Result for the year	32	(45)
Reversal of / (addition) to provision	-	19
Balance as at 31 December	**71**	**39**

The net assets of SARL IMCD Group Algerie consist of current assets amounting to EUR 619 thousand (2020: EUR 301 thousand) and current liabilities of EUR 533 thousand (2020: EUR 300 thousand). The net result for the financial year amounted to EUR 89 thousand. The net loss for the year 2020 amounted to EUR 51 thousand. As of 31 December 2021 net equity value of SARL IMCD Group Algerie was EUR 87 thousand (2020: EUR 1 thousand).

The net assets of Velox China consist of current assets amounting to EUR 66 thousand (2020: EUR 97 thousand) and current liabilities of EUR 11 thousand (2020: EUR 45 thousand). The net loss for the year 2021 amounted to EUR 23 thousand (2020: net loss of EUR 2 thousand). Net equity value was EUR 55 thousand (2020: EUR 78 thousand).

22 Other financial assets

The other financial assets relate to receivables with a remaining term exceeding one year and includes rent and other deposits.

23 Deferred tax assets and liabilities

Unrecognised deferred tax assets

The Group has unrecognised deferred tax assets of EUR 10.9 million (2020: 10.5 million), consisting of unrecognised deferred tax asset of entities in EMEA EUR 0.1 million (2020: EUR 0.1 million) and entities in Asia-Pacific EUR 10.8 million (2020: EUR 10.4 million). The amount in Asia-Pacific mainly relates to unrecognised capital losses in Australia with an infinite carry forward period.

Unrecognised deferred tax liabilities

As of 31 December 2021, the group has unrecognised deferred tax liabilities to the amount of EUR 32.8 million (2020: EUR 18.6 million) for potential withholding tax liabilities related to investments in subsidiaries. The liabilities are not recognised because the Company controls the dividend policy of the subsidiaries and does not foresee reversal of the temporary differences in the foreseeable future.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

EUR 1,000	2021	2020	2021	2020	2021	2020[1]
	Assets		Liabilities		Net	
Property, plant and equipment	288	308	416	593	**(128)**	(285)
Intangible assets	5,342	8,179	122,067	118,252	**(116,725)**	(110,073)
Right-of-use assets	458	-	11,893	11,513	**(11,435)**	(11,513)
Financial fixed assets	1,500	1,771	147	59	**1,353**	1,712
Trade debtors and other receivables	2,225	1,751	116	35	**2,109**	1,716
Inventories	3,161	2,403	526	457	**2,635**	1,946
Share based payment reserve	675	589	18	-	**657**	589
Loans and borrowings	197	82	-	-	**197**	82
Lease Liabilities	12,773	12,670	80	41	**12,693**	12,629
Employee benefits and other provisions	5,806	6,193	1,303	1,321	**4,503**	4,872
Trade and other payables	3,791	2,741	134	(122)	**3,657**	2,863
Other items	3,013	3,036	(11)	26	**3,024**	3,010
Tax loss carry-forwards	10,226	14,977	(375)	1	**10,601**	14,976
Tax assets/(liabilities)	**49,455**	**54,700**	**136,314**	**132,176**	**(86,859)**	**(77,476)**
Set off of tax	(14,062)	(14,502)	(14,063)	(14,502)	-	-
Net tax assets/(liabilities)	**35,393**	**40,198**	**122,251**	**117,674**	**(86,859)**	**(77,476)**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The unused tax losses and unused tax credits include EUR 5.9 million of tax credits (2020: EUR 5.1 million) related to foreign withholding taxes.

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Movement in temporary differences during the year

EUR1,000	BALANCE AS AT 1 JANUARY 2021	RECOGNISED IN PROFIT OR LOSS	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OTHER COMPREHENSIVE INCOME	ACQUIRED IN BUSINESS COMBINATIONS (NOTE 7)	OTHER	BALANCE AS AT 31 DECEMBER 2021
Property, plant and equipment	**(285)**	139	-	-	-	18	**(128)**
Intangible assets	**(110,073)**	7,507	-	-	(12,668)	(1,491)	**(116,725)**
Right-of-use-assets	**(11,513)**	708	-	-	(58)	(572)	**(11,435)**
Financial fixed assets	**1,712**	(339)	-	-	-	(20)	**1,353**
Trade debtors and other receivables	**1,716**	(39)	-	-	385	47	**2,109**
Inventories	**1,946**	364	-	-	282	43	**2,635**
Share based payment reserve	**589**	14	-	-	-	54	**657**
Loans and borrowings	**82**	16	-	84	-	15	**197**
Lease liability	**12,629**	(583)	-	-	6	641	**12,693**
Employee benefits and other provisions	**4,872**	(353)	-	(518)	193	309	**4,503**
Trade and other payables	**2,863**	804	-	-	87	(97)	**3,657**
Other items	**3,011**	(58)	-	-	23	48	**3,024**
Tax losses carried forward	**14,976**	(4,138)	-	-	-	(237)	**10,601**
Net tax assets/(liabilities)	**(77,476)**	**4,041**	**-**	**(434)**	**(11,750)**	**(1,237)**	**(86,859)**

The group utilised deferred tax assets related to unused tax losses and unused tax credits to an amount of EUR 0.3 million in the financial year (2020: EUR 1.0 million).

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Movement in temporary differences during the year (continued)

EUR1,000	BALANCE AS AT 1 JANUARY 2020	RECOGNISED IN PROFIT OR LOSS	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OTHER COMPREHENSIVE INCOME	ACQUIRED IN BUSINESS COMBINATIONS	OTHER	BALANCE AS AT 31 DECEMBER 2020[1]
Property, plant and equipment	**(291)**	(161)	-	-	(2)	169	**(285)**
Intangible assets	**(69,710)**	5,363	79	-	(50,757)	4,952	**(110,073)**
Right-of-use assets	**(9,160)**	(2,582)	-	-	(22)	251	**(11,513)**
Other financial assets	**92**	(191)	1,791	-	-	20	**1,712**
Trade and other receivables	**1,693**	(412)	-	-	577	(142)	**1,716**
Inventories	**1,861**	(231)	-	-	520	(204)	**1,946**
Share-based payment reserve	**670**	(53)	-	-	-	(28)	**589**
Loans and borrowings	**193**	10	(1)	(64)	-	(56)	**82**
Lease liabilities	**9,840**	3,055	-	-	16	(282)	**12,629**
Employee benefits and other provisions	**3,908**	(375)	-	364	1,228	(253)	**4,872**
Trade and other payables	**3,783**	(684)	-	-	6	(242)	**2,863**
Other items	**26**	43	-	2,978	3	(39)	**3,011**
Unused tax losses and unused tax credits	**15,860**	1,225	-	-	-	(2,109)	**14,976**
Net tax assets/(liabilities)	**(41,236)**	**5,007**	**1,869**	**3,278**	**(48,431)**	**2,037**	**(77,476)**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements.

24 Inventories

The value of the inventory is as follows:

EUR 1,000	2021	2020
Trade goods	526,300	371,239
Total Trade goods	**526,300**	**371,239**

Cost of materials and inbound logistics included in profit or loss of 2021 amounted to EUR 2,598.9 million (2020: EUR 2,127.4 million). This cost includes write-downs of inventories to net realisable value of EUR 6.1 million (2020 EUR 4.4 million). The reversal of write-downs amounted to EUR 1.7 million (2020: EUR 0.7 million). The write-down of inventories is mainly due to inventories past their expiration dates or inventories which are not marketable.

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25 Trade and other receivables

All trade and other receivables are current.

EUR 1,000	2021	2020[1]
Trade receivables	588,598	443,362
Other receivables	30,864	25,767
Total Trade and other receivables	**619,462**	**469,130**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The composition of the other receivables is as follows:

EUR 1,000	2021	2020[1]
Derivatives used for hedging	51	1
Taxes and social securities	8,482	8,591
Receivables from employees	182	127
Prepaid expenses	17,256	11,744
Other receivables	4,893	5,305
Total other receivables	**30,864**	**25,767**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

The Group's exposure to currency risks related to trade and other receivables is disclosed in note 5.

The ageing of trade and other receivables at the reporting date was as follows:

EUR 1,000	2021		2020[1]	
	Gross	Impairment	Gross	Impairment
Current 0 - 30 days past due	600,723	1,115	451,810	1,532
Past due 30 - 60 days	13,695	1,062	11,523	395
Past due 60 - 90 days	4,903	593	4,245	319
More than 90 days	15,803	12,892	14,970	11,172
Total	**635,124**	**15,662**	**482,548**	**13,418**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

Impairment losses

The movement in the allowance for impairment losses in respect of trade and other receivables during the year was as follows:

EUR 1,000	2021	2020
Balance at 1 January	**13,418**	**12,778**
Acquisitions through business combinations	2,318	1,681
Impairment loss recognised	1,908	2,273
Impairment loss reversed	(1,657)	(990)
Trade receivables written-off	(424)	(1,558)
Currency exchange result	99	(766)
Total	**15,662**	**13,418**

As at 31 December 2021, the total impairment includes an amount of EUR 2,030 thousand (2020: EUR 1,973 thousand) related to customers declared insolvent. The remainder of the impairment loss as at 31 December 2021 relates to several customers who are expected to be unable to pay their outstanding balances, mainly due to economic circumstances, and the general provision for expected credit losses for trade and other receivables. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectable, based on historic payment behaviour and analyses of the underlying customers' creditworthiness.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

EUR 1,000	2021	2020[1]
Carrying amount		
EMEA	273,090	216,026
Americas	175,074	114,432
Asia-Pacific	171,298	138,673
Total Carrying amount	**619,462**	**469,130**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

26 Cash and cash equivalents

The cash and cash equivalents are as follows:

EUR 1,000	2021	2020
Cash and cash equivalents	177,879	169,008
Cash and cash equivalents in the statement of cash flows	**177,879**	**169,008**

The cash and cash equivalent balances are available for use by the Group.

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27 Capital and reserves

Share capital and share premium

As of 31 December 2021, the authorised share capital comprised 150,000,000 ordinary shares of which 56,987,858 shares have been issued. The shares have a nominal value of EUR 0.16 each and all shares rank equally with regard to the Company's residual assets.

The shareholders are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. Following the resolution of the Annual General Meeting in 2021, the Company distributed a dividend in cash of EUR 58.1 million (2020: EUR 47.3 million).

The share premium as of 31 December 2021 amounted to EUR 1,051.4 million (31 December 2020: EUR 1,051.4 million).

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in foreign subsidiaries

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Reserve own shares

The reserve own shares comprises the cost of the Company's shares held by the Group to fund its long-term incentive plan. At 31 December 2021, the Group held 44,300 of the Company's shares (as at 31 December 2020: 90,017 shares). During 2021 the Group transferred 45,717 shares to fulfil its annual obligation from the long-term incentive plan.

Other reserve

Other reserves relate to the accumulated actuarial gains and losses recognised in the other comprehensive income.

Other comprehensive income

EUR 1,000	ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	Translation reserve	Hedging reserve	Other reserves	Total other comprehensive income
2021				
Foreign currency translation differences for foreign operations, net of tax	56,044	-	-	**56,044**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	106	-	**106**
Defined benefit plan actuariel gains and losses net of tax	-	-	412	**412**
Total other comprehensive income	**56,044**	**106**	**412**	**56,562**
2020				
Foreign currency translation differences for foreign operations, net of tax	(78,160)	-	-	**(78,160)**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(110)	-	**(110)**
Defined benefit plan actuarial gains and losses net of tax	-	-	(1,818)	**(1,818)**
Total other comprehensive income	**(78,160)**	**(110)**	**(1,818)**	**(80,089)**

28 Non-controlling interest

The non-controlling interest relates to the 75% share in IMCD Arabia Trading LLC. Profit sharing is determined on a 90%-10% basis

As at 31 December 2021, the non-controlling interest amounts to EUR 1,529 thousand. The net loss for the financial year attributed to the non-controlling interest amounts to EUR 40 thousand.

29 Loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 5.

Non-current liabilities

EUR 1,000	NOTE	2021	2020[1]
Bank loans		**337,528**	**336,692**
Deferred and contingent considerations	7, 33	275,243	191,302
Lease liabilities		52,712	51,677
Other liabilities		1,369	1,538
Total non-current liabilities		**666,853**	**581,209**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

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Terms and debt repayment schedule

The terms and conditions of outstanding non-current loans are as follows:

EUR 1,000	CURR	NOTE	NOMINAL INTEREST RATE	YEAR OF MATURITY	FACE VALUE 2021	CARRYING AMOUNT 2021	FACE VALUE 2020[1]	CARRYING AMOUNT 2020[1]
Schuldscheindarlehen (fix rate)	EUR		1.58%	2023	15,000	14,978	15,000	14,966
Schuldscheindarlehen (floating rate)	EUR		1.45%	2023	25,000	24,964	25,000	24,869
Bond loan (fix rate)	EUR		2.50%	2025	300,000	297,586	300,000	296,867
Profit sharing arrangements	EUR		1.53%	2022	1,369	1,369	1,638	1,638
Lease liabilities[2]			0.22% - 23.90%	2022-2062	57,625	52,712	57,834	51,677
Other interest-bearing liabilities					-	-	-	-
Total interest-bearing liabilities					**398,994**	**391,610**	**399,372**	**389,907**
Deferred and contingent considerations		7,33			279,685	275,243	195,612	191,302
Total non-current liabilities					**678,679**	**666,853**	**594,984**	**581,209**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

[2] Various currencies

The total non-current lease liabilities of EUR 57.6 million consist of lease liabilities denominated in various currencies, of which EUR 17.9 million in EUR, EUR 13.8 million in USD, EUR 8.2 million in CAD, EUR 6.6 million in AUD and EUR 2.9 million in SEK.

In March 2020, IMCD completed an amendment to its multi-currency revolving credit facility, increasing the borrowing capacity from EUR 400 million to EUR 500 million. IMCD further agreed with its existing banking syndicate, to extend the maturity date of this revolving credit facility from 27 March 2024 to 27 March 2025 along with a reduction in the interest margins.

In November 2021, IMCD made the repayment of EUR 60 million and USD 25 million for its short term debt (Schuldscheindarlehen).

The senior unsecured fixed rates note, issued by IMCD N.V. on 26 March 2018, had a closing price of EUR 104.40 at 31 December 2021 (31 December 2020: EUR 104.17). The bond is listed on the Luxembourg Euro MTF market and matures on 26 March 2025.

The Group is obliged to meet requirements from the covenants in connection with the interest bearing loan facilities. These requirements relate to ratios for interest cover and maximum leverage.

Two leverage covenants apply to the Group:
- For the Schuldscheindarlehen of EUR 40 million a maximum leverage of 3.5 times EBITDA applies (with a spike period maximum of 4.0), tested annually.
- For the revolving credit facilities of EUR 500 million, a maximum leverage of 3.75 times EBITDA applies (with a spike period maximum of 4.25), tested semi-annually.

	2021		2020[1]	
	OUTCOME	COVENANT	OUTCOME	COVENANT
Reported leverage	2.3		2.7	
Leverage including pro-forma results	2.3		2.3	
Leverage loan documentation	1.5	max. 3.5	1.7	max. 3.5
Interest cover	29.1	min. 4.0	16.9	min. 4.0

[1] December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

The actual reported leverage ratio as at 31 December 2021 was 2.3 times EBITDA (31 December 2020: 2.7 times EBITDA). Including the full year impact of acquisitions completed in 2020, the leverage at the end of the financial year is 2.3 times EBITDA (31 December 2020: 2.3 times EBITDA). The leverage ratio calculated on the basis of the definitions used in the loan documentation was 1.5 times EBITDA (31 December 2020: 1.7 times EBITDA) which is well below the defined maximum of 3.5 times EBITDA.

The actual interest cover covenant for the financial year, based on the definitions used in the Schuldschein Darlehen documentation, was 29.0 times EBITDA (2020: 16.9 times EBITDA) and was well above the required minimum of 4.0.

For details of the contractual maturities of financial liabilities, reference is made to note 5.

Current liabilities

EUR 1,000	NOTE	2021	2020[1]
Loans and borrowings		-	**80,373**
Deferred and contingent considerations	7,33	33,614	2,242
Lease liabilities		18,017	17,310
Other short term financial liabilities		399,420	214,888
Total Short-term financial liabilities		**451,050**	**234,440**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Other short-term financial liabilities include a revolving credit facility, bank overdrafts and other short-term credit facilities, including discounted bills and discounted notes.

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30 Employee benefits

The liabilities associated with employee benefits consist of net defined benefit liabilities (pension schemes), termination benefits and other long-term employee benefits.

EUR1,000	2021	2020
Net defined benefit liability	13,475	14,727
Termination benefits and other long-term employee benefits	15,783	14,808
Total employee benefit liabilities	**29,258**	**29,535**

The Group supports defined benefit plans in the Netherlands, the United Kingdom, Canada, Germany, Switzerland, Austria, the United States and the Philippines.

Movement in net defined benefit liability/(asset)

EUR1,000	2021	2020	2021	2020	2021	2020
	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
Balance as at 1 January	**81,109**	**69,457**	**66,382**	**57,606**	**14,727**	**11,851**
Included in profit or loss						
Current service cost	1,271	1,307	-	-	1,271	1,307
Past service cost	(975)	(50)	-	-	(975)	(50)
Settlements	(96)	-	-	-	(96)	-
Interest cost/(income)	1,142	1,338	816	913	326	425
	1,341	**2,596**	**816**	**913**	**525**	**1,683**
Included in OCI						
Remeasurement: loss/(gain):						
Actuarial loss/(gain) arising from changes in:						
- Demographic assumptions	(450)	66	-	-	(450)	66
- Financial assumptions	(2,205)	5,036	-	-	(2,205)	5,036
- Experience	48	(145)	-	-	48	(145)
Return on plan assets excluding interest income	-	-	212	2,401	(212)	(2,401)
Asset ceiling	-	-	(2,726)	445	2,726	(445)
Effect of movements in exchange rates	3,714	(2,314)	2,686	(1,643)	1,028	(671)
	1,107	**2,643**	**172**	**1,203**	**935**	**1,439**
Other						
Business combinations	-	7,615	-	5,585	-	2,029
Contributions paid by the employer	-	-	2,434	1,931	(2,434)	(1,931)
Contributions paid by the plan members	1,815	846	1,815	846	-	-
Benefits paid	(3,101)	(2,047)	(2,822)	(1,703)	(280)	(344)
	(1,286)	**6,413**	**1,427**	**6,660**	**(2,713)**	**(246)**
Balance as at 31 December	**82,270**	**81,109**	**68,796**	**66,382**	**13,474**	**14,727**

Plan assets

EUR1,000	2021	2020
Equity securities	24,181	12,137
Government bonds	1,361	1,152
Qualifying insurance policies	35,885	34,779

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EUR1,000	2021	2020
Other plan assets	10,095	18,313
Asset Ceiling	(2,726)	-
Total plan assets	**68,796**	**66,381**

The Government Bonds in the UK were moved in 2020 into Liability Driven Investments (LDI's) and the LDI's are considered as other defined benefit plan assets.

Due to the asset ceiling applicable to the UK pension plan, in 2021 the actual fair value of the plan assets (EUR 71.5 million) exceeded the recognised plan assets (EUR 68.8 million) by EUR 2.7 million.

Expense recognised in profit or loss

EUR1,000	2021	2020
Current service costs	1,270	1,307
Past service costs	(975)	(50)
Settlements	(96)	-
Expense recognised in the line item 'Social security and other charges'	**199**	**1,257**
Interest cost	326	425
Expense recognised in the line item 'Finance costs'	**326**	**425**
Total expense recognised in profit or loss	**525**	**1,682**

Actuarial assumptions

Principal actuarial assumptions at the reporting date, expressed as weighted average:

	2021	2020
Discount rate as at 31 December	1.66%	1.34%
Future salary increases	1.74%	1.56%
Future pension increases	1.46%	1.32%
Price inflation	2.23%	2.06%

Assumptions regarding future mortality are based on published statistics and mortality tables. The following tables have been used:

- The Netherlands: AGPrognose2020Hoog 7 based on income class high-medium
- The United Kingdom: before retirement – as per post retirement, after retirement -males: 90% S2PXA_L / -females: 90% S2PA_L, CMI 2019 model (1.25%)
- Canada: CPM 2014 Public & Private with 2D projections using Scale B
- Germany: Richttafel 2018G Klaus Heubeck
- Switzerland: BVG 2020 Generational
- Austria: AVÖ 2018-P 'Angestellte' –Rechnungsgrundlagen für die Pensionsversicherung-Pagler & Pagler

The Group expects EUR 3,099 thousand in contributions to be paid into its defined benefit plans in 2022. The Canadian pension plans are partially unfunded. The duration of the funded obligation based on expected cash flows is 13 years, the unfunded plans have an expected duration of 14 years.

Sensitivity analysis

The defined benefit plans in Austria, Germany, Switzerland, the Philippines and the United States relate to a limited number of (retired) employees. For that reason, sensitivity analyses for these plans are not provided. The three significant defined benefit plans are the schemes in the Netherlands, the United Kingdom and Canada.

The plan in the Netherlands was an average salary defined benefit plan until 31 December 2016. The plan is financed through an insurance policy. No direct asset allocation is held in relation to the insurance contract. Hence, no asset-liability matching strategies are applicable. There are no specific material entity risks to which the plan is exposed and the plan assets are not invested in a single class of investments. From 2016 onwards no additional retirement benefits accrue in the defined benefit plan. The retirement benefits related to employee services in 2017 and onwards accrued in a new pension plan, effective from 1 January 2017. As a result of the parameters in the new pension contract, it classifies as a defined contribution plan.

The plan in the United Kingdom has 29 members and is a final salary defined benefit plan. The plan is financed through a pension fund. The plan assets are not invested in a single class of investments.

The plan in Canada consists of three separate plans: a pension and supplementary retirement pension plan for certain (former) executive members (9 members) and a non-pension post-retirement benefit plan providing extended health, dental, life insurance and accidental death and dismemberment benefits. The supplementary plan and non-pension plan are unfunded.

The pension plans of IMCD Switzerland were revised and harmonised due to the merger between IMCD Switzerland AG and DCS Pharma AG. The revised plan was put in to effect as at 1 January 2022. The plan is financed through a pension fund and the plan assets are not invested in a single class of investments.

The obligations arising from the defined benefit plans mentioned above are determined using the projected unit credit method. The projected unit credit method determines the expected benefits to be paid after retirement, taking dynamic measurement parameters into account and spreading them over the entire years of service of the employees participating in the plan. For this purpose, an actuarial valuation is obtained every year. The actuarial assumptions for the discount rate, salary growth rate, pension trend and life expectancy, which are used to calculate the defined benefit obligation are established on the basis of the respective economic circumstances.

The plan assets measured at fair value are deducted from the present value of the defined benefit obligation (gross pension obligation). Plan assets are assets where the claim to said assets has, in principle, been assigned to the beneficiaries. This results in a net liability or a net asset to be recognised.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations of the three significant defined benefit plans by the amounts shown below.

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EUR 1,000	2021		2020	
	Increase	Decrease	Increase	Decrease
Defined benefit plan The Netherlands				
Discount rate (1% point movement)	(4,175)	5,519	(4,497)	5,982
Defined benefit plan The United Kingdom				
Discount rate (1% point movement)	(4,284)	5,693	(4,449)	5,784
Future salary growth (1% point movement)	119	(119)	111	(111)
Future pension growth (1% point movement)	4,998	(4,046)	5,117	(4,116)
Future inflation (1% point movement)	4,046	(3,808)	4,227	(4,227)
Future mortality (1 year)	1,071	(1,071)	1,112	(1,112)
Defined benefit plan Canada				
Discount rate (1% point movement)	(1,308)	1,277	(1,116)	1,393
Future salary growth (1% point movement)	32	(30)	29	(26)
Future inflation (1% point movement)	404	(199)	468	(316)
Future mortality (1 year)	(326)	270	(280)	319
Defined benefit plan Switzerland				
Discount rate (0.5% point movement)	(238)	274		
Future salary growth (0.5% point movement)	18	(18)		
Future mortality (1 year)	48	(48)		

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Termination benefits and other long-term employee benefits

The movements in the termination benefits and other long-term employee benefits are as follows:

EUR 1,000	NOTE	2021	2020
Liabilities as at 1 January		**14,808**	**12,202**
Assumed in business combinations	7	421	3,130
Additions (excluding interest cost)		2,430	1,609
Interest cost		77	7
Withdrawals		(1,013)	(1,942)
Releases		(603)	(90)
Actuarial results		(591)	245
Effect of movement in exchange rates		254	(353)
Liabilities as at 31 December		**15,783**	**14,808**

The termination and other long-term employee benefits comprises statutory imposed obligations for long or after-service benefits. The main obligations relate to the IFC retirement indemnity benefits in France and the legally required leaving-service indemnity TFR in Italy.

31 Provisions

The movements in provisions are as follows:

EUR 1,000	NOTE	2021	2020
Balance as at 1 January		**4,449**	**4,358**
Assumed in business combinations	7	2,040	3,367
Provisions made during the year		1,247	1,465
Provisions used during the year		(1,017)	(4,050)
Provisions released during the year		(180)	(298)
Effect of movement in exchange rates		(45)	(394)
Balance as at 31 December		**6,494**	**4,449**

The provision used in 2021 mainly relates to organisational changes.

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32 Trade and other payables

The trade and other payables are as follows:

EUR 1,000	2021	2020
Trade payables	403,010	291,844
Total Trade payables	**403,010**	**291,844**

EUR 1,000	2021	2020[1]
Derivatives used for hedging	195	2,417
Taxes and social securities	27,729	20,183
Pension premiums	1,486	1,297
Current tax liability	14,239	12,406
Other creditors	3,664	9,028
Accrued interest expenses	6,000	6,305
Liabilities to personnel	45,320	32,130
Other accrued expenses	31,655	21,094
Total Other payables	**130,288**	**104,860**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

At 31 December 2021, with the exception of some derivatives used for hedging, all trade and other payables have a term of less than one year.

The Group's exposure to currency risk related to trade and other payables is disclosed in Note 5.

33 Financial Instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 DECEMBER 2021		CARRYING AMOUNT					FAIR VALUE			
EUR 1,000	NOTE	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Forward exchange contracts used for hedging	25	61	-	-	-	61	-	61	-	61
Forward exchange contracts used for hedging	32	-	-	195	-	195	-	195	-	195
Contingent consideration	29	-	-	308,856	-	308,856	-	-	308,856	308,856

31 DECEMBER 2020		CARRYING AMOUNT					FAIR VALUE			
EUR 1,000	NOTE	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Forward exchange contracts used for hedging	25	1	-	-	-	1	-	1	-	1
Forward exchange contracts used for hedging	32	-	-	2,417	-	2,417	-	2,417	-	2,417
Contingent consideration	29	-	-	193,544	-	193,544	-	-	193,544	193,544

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Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	*Discounted cash flows.* The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.	• Forecast EBITDA margin • Risk-adjusted discount rate	The estimated fair value would increase/(decrease) if: • the EBITDA margins were higher/(lower); or • the risk-adjusted discount rates were lower/(higher).
Forward exchange contracts and interest rate swaps	*Market comparison technique.* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

Financial instruments not measured at fair value

There were no financial instruments that are measured at amortised cost but for which fair value was disclosed classified as Level 3 either in the current year or in the prior year.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

EUR 1,000	NOTE	CONTINGENT CONSIDERATION
Balance as at 1 January 2021		**193,544**
Assumed in a business combination	7	121,382
Paid contingent consideration		(20,735)
Loss / (Gain) included in profit or loss		1,151
Loss / (Gain) included in equity		-
Effect of movement in exchange rates		13,514
Balance as at 31 December 2021		**308,856**
Balance as at 1 January 2020		**38,225**
Assumed in a business combination		180,389
Paid contingent consideration		(16,214)
Loss / (Gain) included in profit or loss		(1,213)
Loss / (Gain) included in equity		(2,880)
Effect of movement in exchange rates		(4,764)
31 December 2020		**193,544**

The amount assumed in business combinations contains an adjustment of the provisional purchase price allocation for Signet (increase of EUR 41 million), which was acquired in 2020. This adjustment relates to changes in the assumptions of the projected cash and debt positions at the execution date. The main contingent considerations relate to the acquisitions of Signet and Megasetia. Other contingent considerations assumed in business combinations relate to the acquisitions of Yuanhe, Andes, Siliconas and Maquimex.

The net loss included in profit and loss of EUR 1,151 thousand (2020: gain of EUR 1,213 thousand) is the result of remeasuring contingent considerations

Sensitivity analysis

The fair value of contingent considerations is subject to two principal assumptions. The effects of reasonable changes to these assumptions, keeping other assumptions constant, are set out below:

31 DECEMBER 2021	PROFIT OR LOSS	
EUR 1,000	INCREASE	DECREASE
EBITDA margin (10% movement)	(23,609)	22,068
Risk-adjusted discount rate (discount rate 1% point movement)	5,899	(4,092)

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31 DECEMBER 2020	PROFIT OR LOSS	
EUR 1,000	INCREASE	DECREASE
EBITDA margin (10% movement)	(17,069)	16,007
Risk-adjusted discount rate (discount rate 1% point movement)	5,276	(5,486)

Offsetting financial assets and liabilities

Gross amounts of financial assets and liabilities are offset on the basis of offsetting arrangements or are subject to enforceable master netting arrangements or similar agreements that do not meet the requirements for offsetting in the balance sheet.

31 DECEMBER 2021

EUR 1,000	GROSS AMOUNT OF FINANCIAL ASSETS AND LIABILITIES	OFFSETTING	GROSS CARRYING AMOUNTS IN THE BALANCE SHEET	ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR ARRANGEMENTS	31 DECEMBER 2021 NET AMOUNT
Trade and other receivables	641,189	(21,727)	619,462	-	619,462
Cash and cash equivalents	179,417	(1,538)	177,879	-	177,879
Other financial assets	5,310	112	5,422	-	5,422
Trade payables	406,613	(3,603)	403,010	-	403,010
Other payables	148,335	(18,047)	130,288	-	130,288
Other short term financial liabilities	452,665	(1,615)	451,050	-	451,050

31 DECEMBER 2020[1]	RESTATED COLUMN				
EUR 1,000	GROSS AMOUNT OF FINANCIAL ASSETS AND LIABILITIES	OFFSETTING	GROSS CARRYING AMOUNTS IN THE BALANCE SHEET	ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR ARRANGEMENTS	31 DECEMBER 2020 NET AMOUNT
Trade and other receivables	481,580	(12,451)	469,130	-	464,432
Cash and cash equivalents	169,008	-	169,008	-	169,008
Other financial assets	5,290	-	5,290	-	5,290
Trade payables	292,641	(797)	291,844	-	291,844
Other payables	116,503	(11,643)	104,860	-	100,445
Other short term financial liabilities	234,450	(10)	234,440	-	240,810

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2

34 Off-balance sheet commitments

Operating leases

Commitments for minimum lease payments in relation to operating leases are payable as follows:

EUR 1,000	2021	2020
Within one year	1,848	6,327
Later than one year but not later than five years	7,214	531
Later than five years	2,888	-
Total Operational leases	**11,951**	**6,858**

Guarantees

As at 31 December 2021, the Group has granted guarantees of EUR 79.6 million (31 December 2020: EUR 38.5 million) in total. Those guarantees mainly consist of bank guarantees related to acquisitions, amounting to EUR 13.1 million. Furthermore, the guarantees consist of bank guarantees to customs and tax authorities of EUR 0.9 million (31 December 2020: EUR 0.9 million), office rental guarantees of EUR 1.1 million (31 December 2020: EUR 0.9 million), guarantees for goods of EUR 62.3 million (31 December 2020: EUR 9.3 million), letters of credit EUR 1.2 million (EUR 1.7 million) and other guarantees of 1.0 million (31 December 2020: nil).

Claims

The Group is a party to a limited number of legal proceedings incidental to its business. As is the case with other companies in similar industries, the Company faces exposures from actual or potential claims and legal proceedings. Although the ultimate result of legal proceedings cannot be predicted with certainty, it is the opinion of the Company's management that the outcome of any claim which is pending or threatened, either individually or on a combined basis and considering the insurance cover available, will not have a material effect on the financial position of the Company, its cash flows and result of operations.

35 Related parties

Identity of related parties

The Group has related party relationships with its shareholders, subsidiaries, Management Board and Supervisory Board and post-employment benefit plans. For an overview of the group companies, reference is made to the List of group companies as per 31 December 2021 on page 213

Transactions with subsidiaries

The financial transactions between the Company and its subsidiaries comprise financing related transactions and operational transactions in the normal course of business. Transactions within the Group are not included in these disclosures as these are eliminated in the consolidated financial statements.

Transactions with key management personnel

The members of the Management Board and the Supervisory board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to Note 53.

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Transactions with associates

The Group owns 49% of the shares in SARL IMCD Group Algerie. At 31 December 2021 the Group has outstanding receivables from SARL IMCD Group Algerie of EUR478 thousand (2020: EUR309 thousand) and outstanding payables to Velox China of EUR20 thousand (2020: EUR20 thousand).

Transactions with post-employment benefit plans

The Group's main post-employment benefit plans are the defined benefit plans in the United Kingdom, Canada and the Netherlands.

In the financial year, the contributions to the defined benefit plans were EUR2,434 thousand (2020: EUR1,931 thousand). The outstanding payable to the defined benefit plans as at the year-end 2021 is EUR3 thousand (2020: EUR6 thousand).

36 Subsequent events

In addition to the acquistions completed in 2021, IMCD signed agreements to acquire 100% of the shares in Shanghai Syntec Additive Limited and Shanghai Weike Additive Limited (jointly "Syntec"), RPL Trading Pty Ltd and RPL Trading New Zealand Ltd. (jointly "RPL Trading") and Polychem Handelsges.m.b.H. ("POLYchem").

On 6 December 2021, IMCD signed an agreement to acquire 100% of the shares in Syntec. Syntec provides market, technicaland formulation expertise in China's personal care,cosmetics, and home care industries. Syntec generateda revenue of approximately EUR14 million in 2020 has 25 employees. The transaction was closed on 18 January 2022

On 22 December 2021, IMCD signed an agreement to acquire 100% of the shares of RPL Trading, a speciality chemicals distributor focused on services and formulation expertise for customers and partners in the home care and water treatment markets. RPL Trading generated a revenue of approximately EUR16 million for the fiscal year ended on 30 June 2021 and has 15 employees. The transaction was closed on 31 January 2022.

On 22 December 2021, IMCD signed an agreement to acquire 100% of the shares in POLYchem, a leading provider of chemical raw materials and additives in Austria and Southeast Europe. POLYchem offers a diverse portfolio of products for the coatings, construction, as well as the composite industries. POLYchem has 65 employees and generated a revenue of EUR25 million in 2020. The transaction was closed on 8 February 2022.

In addition to the three agreements signed in 2021 and closed early 2022, IMCD signed three additional acquisition agreements.

On 10 February 2022, IMCD signed an agreement to acquire 100% of the shares in specialty chemicals and ingredients distributor Polyorganic® Tecnologia Ltda ("Polyorganic"). Headquartered in São Paulo, Brazil, Polyorganic is active in the household, industrial and institutional (HI&I), water treatment industry and other industrial markets segment in Brazil. In 2021, Polyorganic generated a revenue of approximately EUR12 million.

On 16 February, IMCD signed an agreement to acquire 100% of the business and the subsidiaries of Quelaris Internacional S.A. ("Quelaris"). Quelaris is a LATAM regional raw material distributor with offices in Colombia, Costa Rica and Peru and has a strong presence in the polyurethane, coatings, adhesives, rubber and other industrial markets throughout the region. With 46 employees, Quelaris generated revenue of approximately USD 52 million in 2021. The closing of the transaction is expected to take place in March 2022.

There were no material events after 31 December 2021 that would have changed the judgement and analysis by management of the financial position as of 31 December 2021 or the result for the year of the Group

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Company balance sheet as of 31 December 2021

BEFORE PROFIT APPROPRIATION

EUR 1,000	NOTE	31 DECEMBER 2021	31 DECEMBER 2020[1]
Fixed assets			
Participating interest in group company	42	1,797,333	1,663,068
Deferred tax assets	43	13,102	15,513
Total fixed assets		**1,810,435**	**1,678,581**
Current assets			
Trade and other receivables	44	(10)	175
Accounts receivable from subsidiary	45	1,834	1,710
Cash and cash equivalents		255	154
Total current assets		**2,079**	**2,039**
Total assets		**1,812,514**	**1,680,621**
Shareholders' equity	46		
Issued share capital		9,118	9,118
Share premium		1,051,438	1,051,438
Translation reserve		(58,285)	(114,329)
Hedging reserve		(100)	(206)
Other reserves		(5,509)	(8,667)
Retained earnings		255,888	194,927
Unappropriated result		207,276	120,128
Total shareholders' equity		**1,459,825**	**1,252,408**
Non-current liabilities	47	338,529	337,917
Loans and borrowings	48	-	80,373
Accounts payable to subsidiaries	48	6,781	2,022
Other current liabilities	48	7,380	7,901
Current liabilities		**14,160**	**90,296**
Total equity and liabilities		**1,812,514**	**1,680,621**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

Company income statement

FOR THE YEAR ENDED 31 DECEMBER 2021

EUR 1,000	NOTE	2021	2020[1]
Operating income	39	3,573	3,514
Wages and salaries	40	(4,016)	(4,049)
Social security and other charges	40	(129)	(96)
Other operating expenses		(1,108)	(1,015)
Operating expenses		**(5,253)**	**(5,160)**
Net finance costs		(10,194)	(12,081)
Share in results from participating interests, after taxation	42	221,117	134,837
Result before income tax		**209,243**	**121,110**
Income tax expense	41	(1,967)	(982)
Result for the year		**207,276**	**120,128**

[1] The period ended 31 December 2020 has been restated as a result of a change in accounting policy detailed in Note 2 to the Financial statements

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Notes to the Company financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

37 General

The company financial statements are part of the 2021 financial statements of IMCD N.V. (the 'Company').

38 Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in Section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as EU-IFRS). Reference is made to the notes to the consolidated financial statements.

Participating interests are valued on the basis of the equity method.

The share in results from participating interests, after taxation consists of the share of the Company in the results of these participating interests. Results on transactions, where the transfer of assets and liabilities is between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

39 Operating income

Other operating income predominantly relates to management service fees charged to IMCD Group B.V.

40 Personnel expenses

The personnel expenses 2021 comprise the wages and salaries including bonuses, cost related to the employee benefit plan and social security expenses. Further details are provided in Note 53.

41 Income tax expenses

The reconciliation between the Company's domestic income tax rate and related tax charge and the effective income tax rate and related effective income tax charge is as follows:

Reconciliation effective tax rate

EUR 1,000	2021		2020	
	%		%	
Profit for the year		207,276		120,128
Total income tax expense	0.9	1,987	0.8	982
Profit before income tax		**209,263**		**121,110**
Income tax using the Company's domestic tax rate	25.0	52,316	25.0	30,278
Adjustments in respect of tax exempt income	(22.8)	(47,758)	(23.6)	(28,621)
Effect of change in tax rate	(0.1)	(131)	0.3	330
Tax effect of:				
Non-deductible expenses	0.3	563	0.2	278
Tax incentives and tax exempted income	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
(De)recognition of previously (un)recognised temporary differences	-	-	0.0	20
Tax charge other members fiscal unity	(1.4)	(3,028)	(1.4)	(1,663)
Under provided in prior years	0.0	35	0.3	351
	0.9	**1,987**	**0.8**	**982**

Except for withholding taxes, corporate income tax expenses of the Dutch subsidiaries are allocated to the Company as head of the fiscal unity.

42 Participating interest in group companies

The movements of the participating interest in group companies can be shown as follows:

EUR 1,000	2021	2020
Balance as at 1 January	**1,663,068**	**1,338,271**
Changes:		
Investments in participating interests	-	335,000
Impact of change in accounting policy	-	(6,170)
Share in results from participating interest after taxation	221,117	134,837
Dividends declared	(147,550)	(59,133)
Movement hedging reserve	106	(110)
Exchange rate differences	56,963	(81,308)
Movement other reserves	3,628	1,681
Balance as at 31 December	**1,797,333**	**1,663,068**
Accumulated impairments at 31 December	-	-

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The Company, statutorily seated in Rotterdam, owns the Group through a 100% share in the issued capital of IMCD Finance B.V., statutorily seated in Rotterdam.

43 Deferred tax assets

In 2021 the Company did not recognise previously unrecognised deferred tax assets related to tax losses carried forward (2020: nil). The Company utilised deferred tax assets of EUR 3.1 million in the financial year (2020: EUR 1.3 million), EUR 0.8 million new tax credits (2020: EUR 0.6 million), EUR 0.1 million change in tax rates (2020: EUR 0.6 million) and EUR nil prior year adjustments (2020: nil).

The deferred tax asset relates to unused tax losses, unused tax credits and share issuance expenses.

EUR 1,000	NOTE	2021	2020
Balance as at 1 January		15,513	12,291
Impact of change in accounting policy		-	1,523
Movements during the year	41	(2,411)	1,699
Balance as at 31 December		**13,102**	**15,513**

44 Trade and other receivables

The trade and other receivables primarily relate to prepaid insurance premiums.

45 Accounts receivable from subsidiary (current)

The accounts receivable from subsidiary relates to a receivable from IMCD Group B.V. regarding management service fees.

46 Shareholders' equity

Reconciliation of movement in capital and reserve

EUR 1,000	ISSUED SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	RESERVE OWN SHARES	OTHER RESERVES	RETAINED EARNINGS	UNAPPRO-PRIATED RESULT	TOTAL SHAREHOLDERS' EQUITY
Balance as at 1 January 2021	**9,118**	**1,051,438**	**(114,329)**	**(206)**	**(3,893)**	**(4,774)**	**194,927**	**120,128**	**1,252,408**
Appropriation of prior year's result	-	-	-	-	-	-	62,000	(62,000)	-
	9,118	**1,051,438**	**(114,329)**	**(206)**	**(3,893)**	**(4,774)**	**256,927**	**58,128**	**1,252,408**
Total recognised income and expense	-	-	-	-	-	-	-	207,276	207,276
Share based payments	-	-	-	-	-	1,025	(4,130)	-	(3,105)
Issue of shares minus related costs	-	-	-	-	-	-	-	-	-
Transfer of own shares	-	-	-	-	1,721	-	3,091	-	4,812
Cash dividend	-	-	-	-	-	-	-	(58,128)	(58,128)
Movement in other reserves	-	-	56,044	106	-	412	-	-	56,562
Balance as at 31 December 2021	**9,118**	**1,051,438**	**(58,285)**	**(100)**	**(2,172)**	**(3,337)**	**255,888**	**207,276**	**1,459,825**
Balance as at 1 January 2020	**8,415**	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**139,315**	**108,006**	**866,525**
Change in accounting policy[1]	-	-	-	-	-	-	(4,647)	-	(4,647)
	8,415	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**134,668**	**108,006**	**861,878**
Appropriation of prior year's result	-	-	-	-	-	-	60,673	(60,673)	-
	8,415	**657,514**	**(36,169)**	**(96)**	**(4,686)**	**(5,774)**	**195,341**	**47,333**	**861,878**
Total recognised income and expense	-	-	-	-	-	-	-	120,128	120,128
Share based payments	-	-	-	-	-	2,818	(1,529)	-	1,289
Issue of shares minus related costs	703	393,924	-	-	-	-	-	-	394,627
Transfer of own shares	-	-	-	-	793	-	1,115	-	1,908
Cash dividend	-	-	-	-	-	-	-	(47,333)	(47,333)
Movement in other reserves	-	-	(78,160)	(110)	-	(1,818)	-	-	(80,089)
Balance as at 31 December 2020	**9,118**	**1,051,438**	**(114,329)**	**(206)**	**(3,893)**	**(4,774)**	**194,927**	**120,128**	**1,252,408**

[1] Reference is made to note 2 to the financial statements

Share capital and share premium

EUR 1,000	2021	2020
	Ordinary shares	
In issue at 1 January	**1,060,556**	**665,929**
Issue of shares minus related cost	-	394,627
In issue at 31 December - fully paid	**1,060,556**	**1,060,556**

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Ordinary shares
At 31 December 2020, the authorised share capital comprised 150,000,000 ordinary shares of which 56,987,858 shares have been issued. All shares have a par value of EUR 0.16 each and are fully paid.

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve
The translation reserve (legal reserve) comprises all exchange rate differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

Hedging reserve
The hedging reserve (legal reserve) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Reserve own shares
The reserve own shares comprises the cost of the Company's shares held by the Group. At 31 December 2021, the Group held 44,300 of the Company's shares (31 December 2020: 90,017 shares).

Other reserves
Other reserves relate to the accumulated actuarial gains and losses recognised in other comprehensive income and the share based payment reserve.

Unappropriated result
At the Annual General Meeting the following appropriation of the result for 2021 will be proposed: an amount of EUR 92,320 thousand to be paid out as dividend (EUR 1.62 per share) and EUR 114,916 thousand to be added to the retained earnings

47 Non-current liabilities

The movement in the non-current liabilities during 2021 is as follows:

EUR 1,000	2021	2020
Balance as at 1 January	**337,917**	**477,562**
Additions	(224)	105
Redemptions		(55,546)
Classified as current liability		(80,373)
Transaction and other finance costs paid		(595)
Amortisation of transaction and other finance costs	836	959
Effect of movements in exchange rates		(4,195)
Balance as at 31 December	**338,529**	**337,917**

The non-current liabilities consist of the carrying value of the debt capital market issuance ("Schuldscheindarlehen") with notional values of EUR 40 million and the carrying value of the Bond loan issued in 2018, net of capitalised finance costs.

EUR 1,000	CURR	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	12 MONTHS OR LESS	1 - 2 YEARS	2 - 5 YEARS	>5 YEARS
Schuldscheindarlehen	EUR	39,942	41,209	605	40,605		-
Bond loan	EUR	297,586	330,000	7,500	7,500	315,000	-
Loans from subsidiaries	EUR	1,001	-	662	339	-	-
Total		**338,529**	**371,209**	**8,767**	**48,444**	**315,000**	**-**

In November 2021, IMCD repayment EUR 60 million and USD 25 million for its short term debt (Schuldscheindarlehen).

The senior unsecured fixed rates note, issued by IMCD N.V. on 26 March 2018, had a closing price of EUR 104.40 at 31 December 2021 (31 December 2020: EUR 104.17). The bond is listed on the Luxembourg Euro MTF market and matures on 26 March 2025.

Further details of the Schuldscheindarlehen and the bond loan are provided in Note 29 of the consolidated financial statements.

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48 Current liabilities

The Company's current liabilities as of 31 December 2021 amounts to EUR 14.2 million (31 December 2020: EUR 9.9 million) and consists of a short-term liability to IMCD Finance B.V. and other current liabilities.

EUR 1,000	2021	2020
Accounts payable to subsidiaries	6,781	2,022
Other current liabilities		
Creditors	293	385
Liabilities to personnel	833	688
Accrued interest expenses	5,878	6,083
Other accrued expenses	376	745
	7,380	**7,901**
Current liabilities	**14,160**	**9,923**

49 Financial instruments

The Company has exposure to the following risks:
- credit risk
- liquidity risk
- market risk
- operational risk

In note 5 to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements of IMCD N.V.

50 Off-balance sheet commitments

The Company is head of a tax entity for corporate income tax. The Company together with other Dutch group companies form part of this fiscal unity. As a consequence, the Company is jointly and severally liable for the corporate income taxes due by these tax entities.

51 Fees of the auditor

With reference to Section 2:382a(1) and (2) of The Netherlands Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. and other Deloitte member firms and affiliates to the Company, its subsidiaries and other consolidated entities.

EUR 1,000	2021			2020		
	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audits of annual reports	761	1,190	1,952	864	1,098	1,962
Other assurance services	56	-	56	59	-	59
Tax advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
	817	**1,190**	**2,007**	**923**	**1,098**	**2,021**

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52 Related parties

Transactions with key management personnel

The members of the Management Board and the Supervisory board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to Note 53.

Other related party transactions

The Company, as service provider, maintains a management service agreement with IMCD Group B.V. for services rendered by the Management Board to the group. The total management service fees charged in 2021 amounted to EUR 3,573 thousand (2020: EUR 3,514 thousand). All related party transactions were priced on an at arm's-length basis

53 Compensation of the Management Board and the Supervisory Board

The Management Board and Supervisory board members' compensation, including pension obligations as intended in Section 2:383(1) of The Netherlands Civil Code, which were charged in the financial year to the Company and group companies is as follows:

Compensation Management Board

EUR1,000	YEAR	SALARY	BONUS	SHARE BASED PAYMENT	PENSION	OTHER	TOTAL
P.C.J. van der Slikke	**2021**	**669**	**468**	**835**	**36**	**48**	**2,056**
	2020	660	454	986	36	50	2,186
H.J.J. Kooijmans	**2021**	**521**	**365**	**650**	**37**	**49**	**1,622**
	2020	514	354	756	33	51	1,708
Total	**2021**	**1,190**	**833**	**1,485**	**73**	**97**	**3,678**
	2020	1,174	808	1,742	69	101	3,894

As of 31 December 2021, the total number of shares conditionally granted to P.C.J. van der Slikke and H.J.J. Kooijmans is 31,898 (31 December 2020: 36,293) respectively 24,848 (31 December 2020: 27,947). The reported bonus and share based payment amounts include adjustments related to prior years. The other remunerations include health insurance premiums, business expense allowances, social security premiums and company car expenses. Further details of the Management Board compensation are provided in the Remuneration Report (see page 93).

Compensation Supervisory Board

EUR1,000	2021	2020
J. Smalbraak	75	54
A.J.Th. Kaaks	70	60
V. Diele-Braun	63	30
S.R. Nanninga	68	58
A.E. Hebert	65	31
M.G.P. Plantevin	28	68
J. Van Nauta Lemke-Pears	-	24
Total	**369**	**325**

In addition to the aforementioned compensation, the Management Board and Supervisory Board members receive reimbursements for out-of-pocket expenses. Since these benefits serve to cover actual costs incurred and are not considered to form part of the remuneration as such, they have not been included in the above totals.

54 Provision regarding the appropriation of profit

At the Annual General Meeting the following appropriation of the result for 2021 will be proposed: an amount of EUR 92,320 thousand to be paid out as dividend (EUR 1.62 per share) and EUR 114,916 thousand to be added to the retained earnings.

55 Subsequent events

There were no material events after 31 December 2021 that would have changed the judgement and analysis by management of the financial condition at 31 December 2021 or the result for the year of the Company.

Rotterdam, 24 February 2022

The Management Board:
P.C.J. van der Slikko
H.J.J. Kooijmans

The Supervisory Board:
J. Smalbraak
A.J.Th. Kaaks
V. Diele-Braun
S.R. Nanninga
A.E. Hebert

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List of group companies as per 31 December 2021

The list of group companies is as follows (100% owned unless mentioned otherwise):

IMCD Finance B.V.	Rotterdam	The Netherlands
IMCD Group B.V.	Rotterdam	The Netherlands
IMCD Participations II B.V.	Rotterdam	The Netherlands
Internatio Special Products B.V.	Rotterdam	The Netherlands
IMCD Benelux B.V.	Rotterdam	The Netherlands
Jan Dekker B.V.	Rotterdam	The Netherlands
IMCD Benelux N.V.	Mechelen	Belgium
IMCD France Investments S.A.S.	Paris	France
IMCD Holding France S.A.S.	Paris	France
IMCD France S.A.S.	Paris	France
IMCD España Especialidadis Quimicas S.A.	Madrid	Spain
IMCD Portugal Produtos Quimicos Lda	Lisbon	Portugal
IMCD Maroc S.a.r.l.	Casablanca	Morocco
IMCD Manufacturing Tunisia S.a.r.l.[2]	Tunis	Tunisia
IMCD Tunisia S.a.r.l.	Tunis	Tunisia
S.a.r.l. IMCD Group Algerie (49% of the shares)	Algiers	Algeria
IMCD Deutschland GmbH	Cologne	Germany
Otto Aldag Handel GmbH	Cologne	Germany
DCS Pharma GmbH[3]	Lüneburg	Germany
IMCD UK Acquisitions Ltd.	Sutton	United Kingdom
IMCD Holding UK Ltd.	Sutton	United Kingdom
IMCD UK Investments Ltd.	Sutton	United Kingdom
IMCD UK Ltd.	Sutton	United Kingdom
IMCD Ireland Ltd.	Dublin	Ireland
IMCD Italia S.p.A.	Milan	Italy
Gopharma S.r.l.[3]	Milan	Italy
IMCD Norway AS	Ski	Norway
IMCD Nordic AB	Malmö	Sweden
IMCD Sweden AB	Malmö	Sweden
IMCD Finland Oy	Helsingfors	Finland
Oy Kokko-Fiber AB[4]	Kokkola	Finland
IMCD Danmark AS	Helsingør	Denmark

IMCD Baltics UAB	Vilnius	Lithuania
IMCD South East Europe GmbH	Vienna	Austria
IMCD Czech Republic s.r.o.	Prague	Czech Republic
IMCD Romania srl	Bucarest	Romania
IMCD Switzerland AG	Zürich	Switzerland
Tenium Holding AG[5]	Basel	Switzerland
DCS Pharma AG[5]	Basel	Switzerland
Chemsource SA[5]	Lugano	Switzerland
IMCD Polska Sp z.o.o.	Warsaw	Poland
IMCD Rus LLC	Saint-Petersburg	Russia
IMCD Ukraine LLC	Kiev	Ukraine
IMCD Ticaret, Pazarlama ve Danişmanlik Limited Şirketi	Istanbul	Turkey
Eider Kimya Ilaç Danişmanlik Sanayi ve Ticaret A.Ş.[6]	Istanbul	Turkey
Zideni Chemicals Suppliers Ltd	Rishon LeZion	Israel
Internatio Special Products Egypt LLC	Cairo	Egypt
IMCD Egypt LLC	Cairo	Egypt
IMCD Middle East FZCO	Dubai	United Arab Emirates
IMCD Middle East Trading LLC	Dubai	United Arab Emirates
IMCD Arabia Trading LLC (75% of the shares)[7]	Riyadh	Saudi Arabia
IMCD South Africa Pty. Ltd.	Isando	South Africa
Chemimpo South Africa Pty. Ltd.	Randburg	South Africa
Siyeza Fine Chem Propriety Limited[8]	Johannesburg	South Africa
IMCD Kenya Ltd.	Nairobi	Kenya
IMCD Uganda SMC Ltd.	Kampala	Uganda
IMCD Holdings US, Inc.	Jersey City	United States of America
IMCD US LLC	Cleveland	United States of America
MJS Sales Inc.	Cleveland	United States of America
IMCD US Food Inc.	Washington	United States of America
IMCD Puerto Rico Inc.	Cayey	Puerto Rico
IMCD Canada Limited	Brampton	Canada
IMCD Mexico S.A. de C.V.	Miguel Hidalgo	Mexico
International Chemical Product Services Mexico S. de RL de CV	Miguel Hidalgo	Mexico
Millikan S.A. de C.V.[9]	Mexico City	Mexico
Banner Quimica S.A. de C.V.[9]	Mexico City	Mexico
Materias Quimicas de México S.A. de C.V.[10]	Mexico City	Mexico
Pluralmex S.A de C.V.[10]	Mexico City	Mexico
Andes Chemical LLC[11]	Miami	United States of America
Andes Chemical Dominicana SRL[12]	Santo Domingo	Dominican Republic
Andes Chemical Peru SRL[11]	Lima	Peru
Andes Chemical Centro America SRL[11]	Sant José	Costa Rica

Gateway warehouse & consolidators, LLC[1]	Miami	United States of America
IMCD Brasil Comércio e Indústria de Produtos Químicos Ltda.	São Paulo	Brazil
IMCD Brasil Farmacêuticos Importação, Exportação e Representações Ltda	São Paulo	Brazil
Vitaqualy Comercio de Ingredientes LTDA	São Paulo	Brazil
IMCD Chile SpA	Santiago de Chile	Chile
IMCD Argentina SRL	Buenos Aires	Argentina
IMCD Uruguay SA	Montevideo	Uruguay
IMCD Colombia SAS[12]	Bogota	Colombia
Siliconas y Químicos[11]	Bogota	Colombia
IMCD Australasia Investments Pty. Ltd	Melbourne	Australia
IMCD Australia Pty Ltd.	Melbourne	Australia
IMCD New Zealand Ltd.	Auckland	New Zealand
IMCD Asia Pacific Sdn Bhd	Shah Alam	Malaysia
IMCD Malaysia Sdn Bhd	Shah Alam	Malaysia
IMCD Asia Pte. Ltd.	Singapore	Singapore
IMCD Singapore Pte. Ltd.	Singapore	Singapore
IMCD (Thailand) Co., Ltd.	Bangkok	Thailand
IMCD (China) Co. Ltd.[13]	Shanghai	China
IMCD International Trading (Shanghai) Co. Ltd.	Shanghai	China
IMCD Plastics (Shanghai) Co. Ltd.	Shanghai	China
Velox China Ltd (50% of the shares)	Shanghai	China
Velox China HK Co. Ltd (50% of the shares)	Hong Kong	Hong Kong
Shanghai Yuanhe Chemicals Co. Ltd.[14]	Shanghai	China
Yuanhe HK Limited[14]	Hong Kong	Hong Kong
DCS Pharma China Co.[3]	Shanghai	China
Whawon Pharm Co. Ltd. (78% of the shares)	Seoul	South Korea
IMCD Japan Godokaisha	Tokyo	Japan
IMCD Vietnam Company Ltd	Ho Chi Minh City	Vietnam
IMCD Philippines Corporation	Manila	Philippines
PT IMCD Indonesia (90.01% of shares)	Jakarta	Indonesia
PT Sapta Permata (90.01% of shares)	Surabaya	Indonesia
PT Megasetia Agung Kimia (70%)	Jakarta	Indonesia
IMCD India Pte. Ltd.	Mumbai	India
Monachem Additives Pvt Ltd[15]	Vadodara	India
Addpol Chemspecialities Pvt Ltd[15]	Vadodara	India
Signet Excipients Private Ltd (70% of the shares)	Mumbai	India
IMCD Bangladesh Private Ltd	Dhaka	Bangladesh

1 Merged with IMCD Benelux B.V.
2 Liquidated October 2021
3 In liquidation
4 Merged with IMCD Finland Oy
5 Merged with IMCD Switzerland AG
6 Since January 2021, merged with IMCD Ticaret, Pazarlama ve Danişmanlik Limited Şirketi
7 Since January 2021
8 Since January 2021, merged with IMCD South Africa Pty. Ltd
9 Merged with IMCD Mexico S.A. de C.V.
10 Since August 2021
11 Since May 2021
12 Formerly known as Unived Quimicas SAS
13 Formerly known as IMCD (Shanghai) Trading Co. Ltd
14 Since June 2021
15 Merged with IMCD India Pte. Ltd.

Other information

Provisions in the Articles of Association governing the appropriation of profit

Article 22 of the Company's articles of association stipulates the following with regard to the appropriation of the profit: The Management Board, with the approval of the Supervisory Board, decides how much of the freely distributable profit will be reserved. The remaining profit shall be at the free disposal of the Annual General Meeting.

Independent auditor's report

To the Shareholders and the Supervisory Board of IMCD N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 INCLUDED IN THE ANNUAL REPORT

Our Opinion

We have audited the accompanying financial statements for the year ended 31 December 2021 of IMCD N.V., ('The Company' or 'IMCD') based in Rotterdam, the Netherlands. The financial statements include the consolidated financial statements and the accompanying Company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of IMCD N.V. as at 31 December 2021, and of its result and its cash flows for the year ended 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying Company financial statements give a true and fair view of the financial position of IMCD N.V. as at 31 December 2021, and of its result for for the year ended 31 December 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2021.
2. The following statements for the year ended 31 December 2021: the consolidated statement of profit and loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The Company financial statements comprise:

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1. The Company balance sheet as at 31 December 2021 (before profit appropriation).
2. The Company profit and loss account for the year ended 31 December 2021
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of IMCD N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 20 million (2020: EUR 12.4 million). Based on our experience with the Company, we determined materiality at 7.3% of result before income tax (in prior year: 7.5%) excluding non-recurring income and expenses related to a divestments. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Component audits are performed using materiality levels determined by the judgement of the group audit team, considering materiality for the consolidated financial statements as a whole and the reporting structure of the group. Component materialities did not exceed EUR 8.8 million.

We agreed with the Supervisory Board that misstatements in excess of EUR 1 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

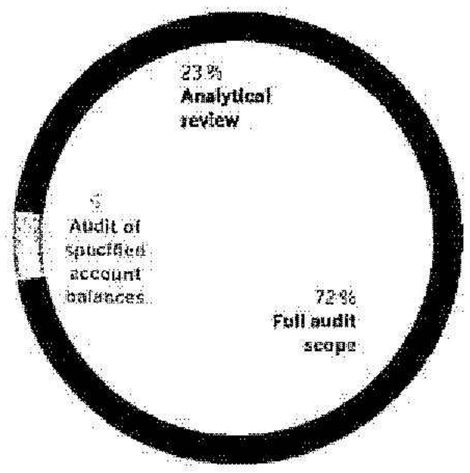
Scope of the group audit

IMCD N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of IMCD N.V.

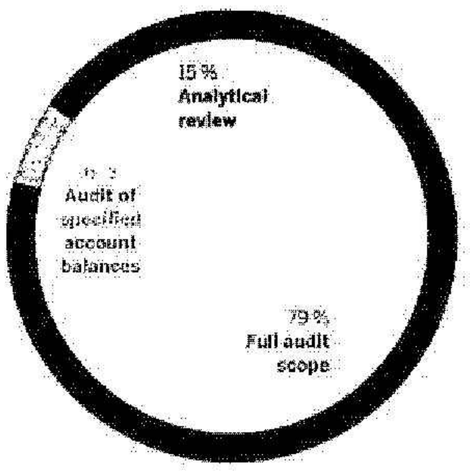
Because we are ultimately responsible for the opinion, we are directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for components. The extent of the procedures has been determined based on the size of components and a number of qualitative considerations. Such considerations include the financial performance of the foreign entities and the maturity of markets these entities are operating in. On this basis, we selected components for which a full audit (10), specified audit of balances/transactions (11) or analytical review (remainder) was carried out on the component financial information.

This resulted in the coverage as presented hereafter:

Scoping on revenue



Scoping on assets



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We have performed audit procedures ourselves at IMCD N.V., corporate entities and operations in the Netherlands. Among others we have assessed group-wide internal controls that have been implemented by the Management Board to monitor and manage the financial and operating performance of the various operating units. Furthermore, the group audit team performed audit procedures on the consolidation, the IT environment, impairment (trigger) testing for goodwill and supplier relations, purchase price allocation of acquisitions and audit procedures on sales, costs of goods sold, loans and borrowings and testing of manual journal entries.

We have used the work of component audit teams for all significant component entities. The group audit team provided detailed written instructions to all component auditors to communicate requirements and significant audit areas and to create awareness for (fraud) risks related to management override of controls. Furthermore, we developed a plan for overseeing each component audit team based on its relative significance to the group and other risk characteristics. Our oversight included continuous update meetings, performing file reviews, performing on-site visits, attending management closing meetings and reviewing component audit team deliverables. For out-scoped components, we performed analytical procedures. In view of COVID-19, travel restrictions for certain countries have required us to exert our involvement in work performed by those component teams in a remote way. Therefore, on-site visits and file reviews were replaced by digital review procedures and remote meetings.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Audit approach fraud risks

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error.

Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected, even though the audit is planned and performed in accordance with Dutch law. The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation, which often have a more in-depth character.

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. In obtaining our understanding we performed inquiries with management, those charged with governance and with others within the Company, including but not limited to the Corporate General Counsel, Director Corporate Control, Director Internal Audit and Component directors. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

Following these procedures, and the presumed risks under the prevailing audit standards, we considered fraud risks related to management override of controls and related to manual entries to revenue. Our audit procedures to respond to these fraud risks include, amongst others, an evaluation of relevant internal controls and supplementary substantive audit procedures, including detailed testing of journal entries and post-closing adjustments based on supporting documentation. Data analytics, including selection of journal entries based on risk-based characteristics, form part of our audit approach to address the identified fraud risks.

Additionally, we performed further procedures including, among others, the following:

- We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.
- We evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements, may be indicative of fraudulent financial reporting.
- We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in Note 2 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Certain management estimates and judgements are considered most significant to our audit. Reference is made to the section "Our key audit matters" for further details on those estimates and judgments.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the Company through discussion with, amongst others, management, Corporate General Counsel and those charged with governance, reading minutes of board meetings and reports of internal audit. We involved our forensic specialists in this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements. We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation. In addition, we considered major laws and regulations applicable to listed companies.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to IMCD's ability to continue its business, or to avoid material penalties and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, those charged with governance and others within the Company as to whether the Company is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with these laws and regulations that may have a material effect on the financial statements.

We remained alert to indications of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Management Board and the Supervisory Board, related to going concern under the prevailing standards are outlined in the "Description of responsibilities regarding the financial statements" section below. In fulfilling our responsibilities, we

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performed procedures including evaluating management's assessment of the Company's ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

In determining our key audit matters, we have reconsidered those included in the previous year and concluded that the key audit matter related to 'IT landscape and financial reporting' is no longer applicable due to the completion of IT migrations in a substantial number of IMCD's operating companies and other improvements made to the IT environment. In addition, the previous year key audit matter on business acquisitions was specific to the 'Signet purchase price allocation' whereas in the current year the general key audit matter on 'Business acquisitions' is included.

KEY AUDIT MATTER DESCRIPTION	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT AND OUR OBSERVATION
Impairment of goodwill and supplier relations – Refer to Note 18 to the financial statements IMCD grows its business organically and through acquisitions. As a result of these acquisitions, the balance sheet as at December 31, 2021 carries goodwill of EUR 1,257 million and supplier relations of EUR 499 million. In 2021, goodwill and supplier relations increased due to multiple acquisitions, with the acquisition of Andes Chemical (and acquired related subsidiaries), Materias Químicas de México, S.A. de C.V & Pluralmex, S.A. de C.V, and PT Megasetia Agung Kimia (see key audit matter 'Business Combinations') being the most substantial ones for the year. For purposes of impairment testing, IMCD allocates goodwil to three cash-generating units (CGU's). Suppliers relations are grouped to the smallest CGUs. For goodwill, IMCD tests its CGU's annually and upon the existence of a triggering event, by comparing the recoverable amounts of the individual CGU's, being the higher of value-in-use and fair value less cost of disposal, to the carrying amounts in accordance with IAS 36. The recoverable amounts for supplier relations are assessed upon the existence of a triggering event. Additionally, IMCD discloses the key assumptions used in determining the recoverable amounts and the sensitivity of the impairment test for changes in those assumptions in Note 18 of the financial statements. We identified impairment of goodwill and supplier relations as a key audit matter because of the amounts involved, the complexity of the assessment process and the significance of management estimates for key assumptions used, including projections of future cash flows, discount rates and (terminal) growth rates. In addition,	As part of our audit we evaluated historical accuracy of budgeting and the sensitivities in management estimates for key assumptions, including projections of future cash flows, discount rates and long term growth rates. We focused our substantive audit efforts on those estimates that could potentially cause the existing headroom to change into an impairment and/or trigger an impairment. We obtained an understanding of management's process over the impairment test and the impairment trigger test. We verified whether projections were based on internal budgets and financial plans approved by the Supervisory Board. Furthermore, we challenged and compared revenue projections to, for example, external economic outlook data and expected inflation rates in which we focused on those estimates that could cause a change in the outcome of impairment testing. With the involvement of Deloitte valuation experts we evaluated the appropriateness of the impairment models used by IMCD, the discount rates and long term growth rates applied and compared the methodology and outcomes to relevant industry and capital market information. Additionally, we assessed the various scenarios applied in impairment testing as disclosed in Note 18 to the consolidated financial statements in view of the current market conditions, trends in financial performance and the uncertainty around recovery of the industries in which IMCD operates in view of the COVID-19 pandemic. **Key observations** IMCD did not identify impairments. Within the context of our audit on the financial statements as a whole and based on the materiality applied, we conclude that the assumptions used in the impairment calculations are reasonable and within an acceptable range. Furthermore, the sensitivity of the impairment test to changes in the most critical assumptions used are appropriately disclosed in Note 18 to the consolidated financial statements.

the COVID-19 pandemic is adding some level of uncertainty to the projection of future operating cash flows, eventhough the portfolio has proven to be rather robust and not overly sensitive to the results of the pandemic thus far.	

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KEY AUDIT MATTER DESCRIPTION	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT AND OUR OBSERVATION
Business Combinations – Refer to note 7 to the financial statements IMCD completed multiple business acquisitions throughout the year. Most substantial were the acquisitions of Andes Chemical (and acquired related subsidiaries), Materias Quimicas de México, S.A. de C.V & Pluralmex, S.A. de C.V. and PT Megasetia Agung Kimia on respectively May 18, 2021, August 19, 2021 and December 22, 2021. IFRS 3 requires management to apply judgement and use assumptions in determining the fair value of identified assets and liabilities and to determine the resulting goodwill to be recognized. Following the acquisition of businesses in 2021 goodwill and other intangibles increased by EUR 158 million and EUR 60 million respectively. We identified the allocation of the purchase price and the valuation of these assets to be an audit area of focus considering the amounts involved, prevailing uncertainties in global economies and the extent of management judgement involved to estimate the fair values of assets and assumptions such as the discount rate and (terminal) growth rate.	The Management Board of IMCD engaged valuation experts to assist them in the purchase price allocation for the acquisition of Andes Chemical (and acquired related subsidiaries), Materias Quimicas de México, S.A. de C.V & Pluralmex, S.A. de C.V. and PT Megasetia Agung Kimia. As part of our audit, we obtained an understanding of management's process and controls over the assessment of key assumptions used in the purchase price allocation and data and outputs used by the valuation expert. Furthermore, we performed more substantive audit procedures on the purchase price allocation in line with IFRS 3. We inspected the Share Purchase Agreement and other relevant legal documents, evaluated management's identification of assets and liabilities acquired, tested the reliability of data used and challenged management's key assumptions in determining the fair value of the supplier relations. We engaged Deloitte valuation experts to assist us in assessing the appropriateness of the models used, benchmarking certain assumptions (including cash flow projections) and evaluating the appropriateness of discount rates applied. In addition, we validated the appropriateness and completeness of disclosures related to IMCD's acquisitions, as included in Note 7 to the consolidated financial statements. **Key observations** Based on our materiality and procedures performed and in the context of the audit of the consolidated financial statements as a whole, we observed that IFRS 3 requirements regarding recognition and valuation of assets and liabilities were met in the purchase price allocation of Andes Chemical (and acquired related subsidiaries), Materias Quimicas de México, S.A. de C.V & Pluralmex, S.A. de C.V. and PT Megasetia Agung Kimia and are appropriately disclosed in Note 7 to the consolidated financial statements.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contain other information that consists of:

- Report of the Management Board.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information included in the Annual Report.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Supervisory Board as auditor of IMCD N.V. on June 22, 2021, for the audit for the year 2021. Since 2016, we have operated as statutory auditor.

European Single Electronic Format ("ESEF")

In the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format is regulated that the Annual Report of the Company has to be prepared in a single electronic reporting format ("ESEF"). The requirements to be met are set out in the aforementioned delegated regulation (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the Annual Report made up in XHTML format, including the partly tagged Consolidated Financial Statements as included in the reporting package by the Company, has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the Annual Report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components in a reporting package. Our responsibility is to obtain reasonable assurance for our conclusion whether the Annual Report in this reporting package, is in accordance with the requirements. We have taken into consideration what is stated in Alert 43. Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications; and

Examining the information related to the Consolidated Financial Statements in the reporting package to determine whether all required tagging has been applied and whether they are in accordance with the RTS on ESEF.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of Management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the Audit Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 24, 2022

Deloitte Accountants B.V.

C. Brinkhorst